

El Salvador Leaders Are Perplexed by U.S. Debate on Aid

By Lydia Chavez
New York Times Service

SAN SALVADOR — Salvadoran political leaders say they are disturbed and bewildered by the discussions in Washington over how much aid their country should receive and what their government must do to receive any aid at all.

The Salvadoran leaders, who represent a broad political spectrum, said in interviews in recent days that they felt the entire congressional debate in Washington had progressed under a false assumption that one country could decide the future of another.

Foreign Minister Fidel Chvez Mena said that "it's not very pleasant" to hear one's country's future debated more than 2,000 miles (3,200 kilometers) away. "For us, the United States is the determining factor in helping us to consolidate the democratic political process, but the relationship must be based on mutual respect," he said.

Those interviewed indicated that they were primarily upset by a compromise measure adopted Wednesday by the House Foreign Affairs Committee.

That measure, which the Reagan administration said it would accept, would provide additional military aid to El Salvador but would also make a cutoff of aid possible if the Salvadoran government did not

begin an "unconditional dialogue" with the leftist opposition.

Hugo Cesar Barrera Guerrero, one of the leaders of the far-right National Republican Alliance, said the U.S. legislators "are well-meaning, but they don't have enough knowledge about how to act successfully in our country."

Until last week the government believed that the Reagan administration would support El Salvador as long as the country made an effort to bring the leftist opposition into the presidential elections in December.

That belief, however, was shaken by the House committee action, which specifies that the government begin a dialogue with the opposition within 90 days of the date that the legislation is enacted by Congress unless it can show that the rebels refused to talk.

It is still unclear how the Reagan administration or Congress would define a good-faith effort to negotiate, but Salvadorans bristle at the idea of unconditional dialogues.

Without conditions, Salvadoran officials said, negotiations can include any topic, including discussions about bringing the left into the government without elections.

Mr. Barera said: "If they say that if we want aid

we have to negotiate, then they can take their aid elsewhere."

Rafael Moran Castaneda, the first secretary of the Constituent Assembly and a member of the National Conciliation Party, said the conditions are offensive and contradict what the governments of the United States and El Salvador have supported in the past.

"The American government has said in the past that it would only accept dialogue through the election process; this changes their position totally and needs to be analyzed," he said.

■ **Call to End 'Death Squads'**
Earlier, William D. Montalbano of the Los Angeles Times reported from San Salvador:

Amid a fresh wave of civilian assassinations, El Salvador's largest political party demanded Friday that the government put an end to the country's rightist death squads "once and for all."

"Authorities must take whatever steps are necessary to stop groups of paid killers who murder with impunity, but without penalty of law," the Christian Democratic Party said in paid newspaper advertisements addressed to President Alvaro Alfredo Magaña.

Since 1979, more than 30,000 Salvadoran civilians

have been murdered for political reasons, according to international human rights groups. There have been no convictions.

The Christian Democratic appeal climaxed a bloody week that began with the discovery of 14 bodies.

A laborer aged 25, and a shoemaker aged 34 survived a massacre that left 10 other victims along the same road. They said they had been picked up by soldiers, seemingly at random, after a confused encounter between guerrillas and troops, taken to a garbage dump and shot.

Government security forces are usually blamed for death-squad murders. Paramilitary civil defense forces have also been accused, as have free-lance rightist groups like the Secret Anti-Communist Army, which dumped a body and a press release in a hotel parking lot last weekend.

Last week, the Senate Foreign Relations Committee voted to cut off aid unless the Salvadoran government submitted a plan to stop the death-squad killings.

The party statement noted that "the international image of our country and the foreign and economic military support needed to confront our grave problems is conditioned on respect for human rights."

Soldiers in Santiago Seal Off 2 Suburbs; 2,000 Rounded Up

Compiled by Our Staff From Dispatches

SANTIAGO — Soldiers and military police sealed off two working class suburbs of Santiago and rounded up more than 2,000 men and teen-agers in a search for militants said to have provoked anti-government demonstrations last week, according to residents of the area.

The roundups Saturday came after Chile's Roman Catholic Church, saying it "cannot remain indifferent" to mass protests against rightist military rule, urged Friday the government of President Augusto Pinochet to reconcile itself with its critics.

The search began shortly before 3 A.M., when dozens of army trucks arrived carrying soldiers who cordoned off the streets in the poor south-side neighborhoods of Poo Goulart and La Victoria, residents said.

Two hours later, security police detectives using megaphones called out all the male inhabitants over the age of 14, rounding up more than 2,000 residents said.

The men were lined up in the street and then taken to local football grounds, where detectives checked their documents and then released those not considered suspects, residents said.

More than 130 men were arrested and taken away from the grounds in trucks before the search ended shortly before midday, a local parish priest said.

Santiago's military authorities said the search was "to detect and arrest anti-social elements and requisition arms and explosives that are used against innocent citizens."

The military roundup occurred in two suburbs where violent clashes took place between inhabitants and anti-riot police Wednesday night, at the end of a day of

national protests in which two persons died and more than 350 were arrested.

The day of what were to have been peaceful protests, called by opposition labor unions, was the first nationwide demonstration of discontent in 10 years of military rule.

Violence flared again in La Victoria Thursday night following the funeral of a 21-year-old taxi driver who was shot Wednesday on the doorstep of his house when anti-riot police moved in to disperse groups of demonstrators.

Monsignor Francisco Fresno, a conservative whose recent appointment as archbishop of Santiago was welcomed by the military government, said Friday the church supported "active nonviolence" and "urgent dialogue" in the search for solutions. His comments were in reaction to Wednesday's protests.

"The church cannot remain indifferent to such a large manifestation of the country's social crisis," Archbishop Fresno said.

Chile's largest newspaper, El Mercurio, said the horn-blowing, pot-banging and street marches Wednesday were "the most serious challenge the government has faced."

The newspaper, which had welcomed General Pinochet's 1973 overthrow of President Salvador Allende, called for attempts to achieve "an indispensable consensus."

Hemogenes Pérez de Arce, a former congressman of the conservative National Party, called on the government to consider how it might have provoked the demonstrations, which he called "an expression of discontent among the most important sectors of public opinion."

Beirut Cabinet Approves Pullout Pact With Israelis

(Continued from Page 1)

which declared its opposition to the accord Friday.

A senior Lebanese official said Lebanon believed it already had either the active or passive support of all the Arab countries except Syria, South Yemen and Libya, which says it will break diplomatic relations with Lebanon if it signs the agreement.

[Algeria and Kuwait have given their support to the cabinet's decision to approve the agreement, United Press International reported Sunday from Beirut.

[The independent Lebanese daily al-Nahar said Sunday that Algeria's president, Colonel Chadli Bendjedid, had told President Gemayel by telephone Saturday night that his country stood by the Lebanese decision.

[The Lebanese Ministry of Tourism and Economy, Ibrahim Halawi, began a Gulf tour Sunday and stopped first in Kuwait, whose ruler, Sheikh Ahmad al-Jaber al-Sabah, said: "The Lebanese people have the right to take any necessary decision to liberate their territory from foreign occupation."

There is quiet satisfaction among President Gemayel's foreign policy advisers that for the first time in eight years the Lebanese seem to be outmaneuvering the Syrians diplomatically.

"For once it is Lebanon which is acting and Syria which is reacting," an aide to Mr. Gemayel said.

However, unless Damascus can be persuaded to withdraw its estimated 40,000 troops from Lebanon, the Israeli withdrawal agreement will not be put into effect.

Mr. Gemayel is known to feel that if the Syrians do not under-

take any violent action against Lebanon in the next few days, such as shelling East Beirut, as they are suspected of having done in the past two weeks, it may be a signal of a softening by Syria.

A team of Lebanese officials is expected to go to Damascus in the coming week to sound out the Syrians about opening negotiations, government sources said.

The Syrians, however, have encouraged domestic Lebanese opposition to the agreement. Just before the cabinet spokesman announced the government's formal approval of the accord, Syrian-backed Lebanese opponents of the agreement met in Syrian-controlled northern Lebanon to organize national opposition to the accord.

The state-run Beirut radio said Suleiman Franjeh, a former president; Rashid Karami, a former prime minister; Walid Jumblat, a Druze leader; George Hawi, head of the Lebanese Communist Party; and Assen Kanso, head of the pro-Syrian faction of the Lebanese Arab Party, held a meeting Saturday at Mr. Franjeh's villa in the northern village of Zgharta.

The meeting brought together an unusual group, united by their opposition to the agreement and the fact that they all live in Syrian-controlled parts of Lebanon or depend on Syria for political support.

The Beirut radio reported that Mr. Karami said after the meeting that the group had rejected the agreement with Israel and had prepared a statement that it would give to an envoy of Mr. Gemayel.



Chileans waited near a railroad station in Santiago Saturday for word of relatives rounded up by soldiers as possible suspects in protests against the military government of Augusto Pinochet. About 2,000 men and youths were seized.

Shultz's Trip: Uncertainty, but Some Success

By John M. Goshko
Washington Post Service

WASHINGTON — Secretary of State George P. Shultz's first personal foray into the mainstream of Middle East politics has ended without a clear notion of whether he will achieve his major objective: the withdrawal of Israeli, Syrian and Palestinian Liberation Organization forces from Lebanon.

U.S. officials believe it will probably be weeks, if not months, before President Hafiz al-Assad of Syria decides whether to extend the cooperation that will determine the success or failure of the Israeli-Lebanese agreement that was worked out through Mr. Shultz's mediation. On Saturday, a top Syrian official ruled out any such cooperation and said Syrian troops would stay in Lebanon for the foreseeable future.

Nevertheless, Mr. Shultz's two and a half weeks of shuttle diplomacy affected U.S. policy in the region in several ways that may prove profoundly important.

Most immediately, the trip produced major changes in the administration's relations with Israel and Lebanon. And, as the effort to pursue the accord continues, there could be significant shifts in U.S. dealings with Syria.

In terms of relations with Washington, the biggest immediate winner was Israel. By agreeing to Mr. Shultz's withdrawal plan, the Israelis wiped away severe tensions that had surfaced over the past year.

Only six weeks ago, the United States and Israel appeared to be on a collision course over two issues.

One involved Prime Minister Menachem Begin's resistance to President Ronald Reagan's peace initiative, announced last Sept. 1, which called for Israel to give the occupied Arab territories independence in association with Jordan. The other stemmed from Mr.

Reagan's frustration over Mr. Begin's delay in removing Israeli forces from Lebanon.

Both issues have been neutralized for the immediate future, and, as so often in the past, the reasons are attributable less to Israeli flexibility than to continuing Arab divisions.

First, the Reagan initiative became bogged down in the failure of King Hussein of Jordan to give permission from the PLO to represent the Palestinians in negotiations with Israel. As long as Hussein lacks that permission, the United States will be frustrated from moving to the next stage of trying to pressure Israel into negotiations based on the Reagan plan.

Similarly, Israel's acquiescence "in principle" to pull out of Lebanon has put Mr. Begin beyond the reach of U.S. criticism on that issue. Israeli forces will be in Lebanon for some time to come, but that is because the United States agrees that Israel has a legitimate security interest in remaining there until Syria and the PLO agree to a withdrawal of their troops.

Mr. Shultz also came away from his visit having established a strong personal relationship with Mr. Be-

gin. He had already been on very good terms with Foreign Minister Yitzhak Shamir and Defense Minister Moshe Arens, whom the usually formal Mr. Shultz uncharacteristically calls by his nickname of "Misha."

For Lebanon's young president, Amin Gemayel, Mr. Shultz seemed close to becoming a father figure. When Mr. Shultz made a brief farewell visit to Beirut last Sunday before leaving the region, Mr. Gemayel was clearly reluctant to let him go, U.S. officials said.

Mr. Gemayel asked whether Mr. Shultz would consider trying to mediate between the Moslem and Christian factions whose civil strife is a major impediment to Mr. Gemayel's efforts to establish his authority throughout Lebanon.

The apparent U.S. hope is that if the occupying forces leave, Lebanon can be turned into a peaceful client state. But, while Mr. Gemayel seems eager to cooperate with that goal, many Lebanese doubt that the divisions in their society can be overcome, and warn that the U.S. participation in the multinational force in Lebanon could bog down in a situation not unlike that in Vietnam and El Salvador.

That view is disputed by U.S. officials, who say the Lebanese armed forces can reassert order with only a modest amount of U.S. assistance.

And, while the officials acknowledge that some short-term expansion of the multinational force will be required after other foreign forces leave, they discount the idea that Washington will have to prop-

up Mr. Gemayel with a constantly expanding commitment of troops and money.

While Mr. Shultz's mission led to strengthening of ties with Israel and Lebanon, his continued pursuit of a troop withdrawal is forcing the administration to consider whether it must seek major changes in its generally chilly relations with Syria.

Outwardly, the prospects for dramatic change do not seem good because of Syria's hostility toward Israel, its championing of the most radical Arab forces and its deepening ties with the Soviet Union, which has invested massive amounts of equipment and advisers in rebuilding President Assad's armed forces.

However, some experts believe that Mr. Assad's government would like to be on closer terms with the United States and has moved toward Moscow only because it feels that Washington has not paid due attention to its position in regional affairs.

That view is understood to have been urged on Mr. Shultz during his trip by President Hosni Mubarak of Egypt and King Fahd of Saudi Arabia.

But Mr. Shultz has been wary of moving into the maneuvering between Syria and Lebanon, saying that Syrian withdrawal is a matter for these two countries and the rest of the Arab world to resolve.

However, many administration planners are known to feel that sooner or later the United States will have to seek to negotiate between Lebanon and Syria as it did with Lebanon and Israel.

Hussein Reaffirms Support for Reagan Plan

WASHINGTON — King Hussein says his support for President Ronald Reagan's Middle East peace plan remains strong, despite his failure to persuade the Palestine Liberation Organization to allow him to represent it in regional talks.

In a speech delivered on his behalf here Saturday by his brother, Crown Prince Hassan, King Hussein also voiced confidence that Mr. Reagan would follow through with his initiative. Failure to do so, he said, would pose extremely high risks for the United States.

The speech, delivered before an annual convention of Arab-Americans, also said Secretary of State George P. Shultz's visit to the Middle East was a "clear indication that the president intends to persevere in spite of the difficulties encountered so far."

The Reagan plan, announced Sept. 1, calls for Palestinian self-rule in association with Jordan in Israeli-occupied territories, but rules out an independent Palestinian state. That has been viewed as one reason for the PLO's refusal to allow Hussein to negotiate for it.

"I believe the administration concurs that the United States should not initiate a policy which it cannot implement," King Hussein said. "The risks are too high and the repercussions are extremely dangerous — for what is at stake is American credibility."

The failure of the Jordanian-PLO talks last month was an acknowledged setback for Mr. Reagan's initiative, since U.S. officials had viewed Hussein's participation in talks with Israel as essential to its success.

Mr. Reagan has accused "radical elements" within the PLO of preventing agreement between King Hussein and Yasser Arafat, chairman of the PLO, on terms for Jordan's participation in such talks.

But in his speech, Hussein said Mr. Reagan's plan had been thwarted by Israeli intransigence. Soviet opposition and congressional restrictions on aid to Jordan.

"The Jordan-PLO dialogue has lost its momentum," he said.

He did not say whether he would engage in further talks with the PLO.

■ **Arafat Speaks of War**
Mr. Arafat said Sunday that war was now the only way to change the balance of power in the Middle East, the Palestinian news agency Wafa reported in Damascus.

The agency, quoted by Reuters, said Mr. Arafat was speaking to military officials of his al-Fatah group, the leading organization in the PLO.

■ **Israeli Troops Reduced**
Edward Walsh of The Washington Post reported earlier from Jerusalem:

Israel has gradually reduced its military presence in Lebanon over the winter and now has fewer than 20,000 soldiers in that country, according to diplomatic and Israeli military sources.

Despite warnings by Syria and the Soviet Union that renewed fighting could erupt at any moment in eastern Lebanon, there has been no significant Israeli military buildup in Lebanon in recent weeks, the sources said.

As a result, they said, the Israeli force of 15,000 to 20,000 troops faces a Syrian force of close to 50,000 in Lebanon and along the Syrian-Lebanese border, including about 40,000 combat troops in the Bekaa Valley.

The Israeli daily Yedioth Aharnot said last week that Israeli troop strength in Lebanon had shrunk to 15,000. This figure was confirmed

by the PLO, and other PLO officials in Damascus.

"Effective war on the practical level is the only available means now of recharting the political map," Mr. Arafat said.

The PLO would upset "imperialist American plans and say no to Reagan and the programs of his aggressive administration for hegemony over the Arab region," Mr. Arafat said.

The statement, among his toughest in months, appeared to confirm Mr. Arafat's shift toward Syria following the breakdown of his talks with Hussein.

■ **Mubarak Praises Reagan**
Earlier, The New York Times reported from Cairo:

President Hosni Mubarak praised Mr. Reagan Saturday for his efforts to end the occupation of Lebanon and urged Arab nations "not to be thrifty in their support" of an accord that would restore Lebanon's independence.

In a speech before Parliament, Mr. Mubarak, referring to Mr. Shultz's mission, said he congratulated the Reagan administration "in the name of the people of Egypt" for reaching a tentative withdrawal agreement.

The Lebanese, he said, "alone have the prerogative of determining their land, their rights." He added: "We appeal to all the brotherly Arabs not to be thrifty in their support" of Lebanon's effort to end foreign occupation.

As roughly correct although sources indicated there may be slightly more than that.

For several months the generally published estimate of the number of Israeli troops in Lebanon had been 30,000. During the height of the war, Israel had more than 100,000 soldiers there.

Military sources gave three reasons that Israel is content to have about a 3-to-1 manpower disadvantage along the line separating it from the Syrians.

First, they said the Israeli Army holds the more defensible terrain. Second, despite the installation of Soviet-made, long-range SAM-5 surface-to-air missiles in Syria, the sources said that Israel still enjoys clear air superiority, a major factor in last summer's fighting in Lebanon.

Third, they said, Israel is confident it will not be caught off guard by a sudden Syrian move and will have time to rush more troops into Lebanon if necessary.

WORLD BRIEFS

Warsaw Editor Criticizes Church

WARSAW (Reuters) — The editor of Warsaw's leading newspaper has accused the Roman Catholic Church of applying double standards in its appeals for an amnesty for martial law offenders.

Zdzislaw Morawski, editor-in-chief of Zycie Warszawy and a former state television correspondent at the Vatican, said Saturday in a front-page editorial: "If on one hand someone calls for amnesty, but on the other morally condones or even inspires — we know of such instances — action against the law, he is thus delaying the possibility of release of the detainees and willy-nilly becomes a representative of duplicitous morality."

Cardinal Jozef Glemp, the Polish episcopate and Pope John Paul II have called for an amnesty to mark the pope's visit to his homeland next month.

Pope Urges Talks With Chinese

VATICAN CITY (UPI) — Pope John Paul II, speaking at a beatification ceremony of two priests killed by Communist guerrillas in China, appealed Sunday for a dialogue to bring the Chinese Catholic Church back into unity with Rome.

In the homily of a Mass during the beatification ceremonies in St. Peter's Square, the pope said the occasion reinforced hopes for "dialogue destined to favor this need for harmonization in the Christian people of China." In 1949, the Beijing government forced the Catholic Church in China to break relations with the Vatican. At the time there were an estimated 3.2 million Roman Catholics in the country.

The ceremony was for the Reverend Callisto Caravario and Bishop Luigi Versiglia, Italian missionaries who were killed by communist guerrillas in China in 1930. Beatification is the last step before the declaration of sainthood in the Roman Catholic Church.

China Leader Ends Yugoslav Talks

BELGRADE (UPI) — The Chinese Communist Party leader, Hu Yaobang, ended talks Sunday during which he reaffirmed Beijing's continued friendship and support for the independence of nonaligned Yugoslavia.

All these talks and meetings were very close, very friendly, very cordial and full of success," Mr. Hu said at the end of his five-day official visit to Yugoslavia, part of his first trip outside China since he took over the party leadership less than two years ago.

Mr. Hu held his third and closing round of talks with the Yugoslav Communist Party leader, Milija Ribicic, on Brioni Island, that was President Tito's favorite retreat in the northern Adriatic Sea.

London Bishop Assails Archbishop

LONDON (Reuters) — Remarks by Archbishop Bruno B. Heim, the papal envoy to Britain who has questioned the good faith of the country's anti-nuclear movement, were strongly criticized Sunday by a Catholic bishop.

Archbishop Heim suggested in a letter to laymen that supporters of the Campaign for Nuclear Disarmament in Britain were either adherents of Soviet aggressiveness, idiots or blinkered idealists. He included in his remarks the Roman Catholic priest who heads the Campaign for Nuclear Disarmament, Monsignor Bruce Kent.

The Catholic bishop of East London, Monsignor Victor Guzzelli, said of the envoy's letter in a radio interview: "It's unbelievable. It's incredible. It's attacking the integrity not just of Monsignor Kent, but of all the people who are working with him in the cause of peace."

Foot Says U.K. Must Ban Missiles

LONDON (AP) — The opposition leader, Michael Foot, said Sunday that superpower disarmament talks will fail unless Britain bans U.S. nuclear missiles.

In a radio interview on the eve of the formal start of the Labor Party's general election campaign, Mr. Foot said: "One of the reasons we're so determined not to permit the deployment of American cruise missiles in this country is because we believe it would make a future arms control agreement well nigh impossible."

He acknowledged that opinion polls pointed to a landslide victory for Prime Minister Margaret Thatcher's Conservative Party in the June 9 election, but said: "We'll change the whole atmosphere." The Conservative Party will officially launch its campaign Wednesday.

Cambodia Peace Force Suggested

BATHURST, Australia (Reuters) — Australia and Japan could offer to form a joint peacekeeping force in Cambodia, Australia's deputy prime minister Lionel Bowen said Sunday at a Labor Party conference here.

He also said a withdrawal of the approximately 180,000 Vietnamese troops in Cambodia should coincide with the dismantling of Khmer Rouge and other opposition forces so that free elections could take place.

In Tokyo, a Foreign Ministry official declined to comment on Mr. Bowen's suggestion. Yoshio Kariya, deputy director-general of the ministry information bureau, said the law did not generally allow Japanese forces to be dispatched abroad for such operations.

Evren Sees 'Intrigues' by West

ANKARA (Reuters) — President Kenan Evren said Sunday that Turkey could do without the West if it continued to try to make life difficult for his country.

Speaking in the northwestern province of Tekirdag, General Evren accused Western powers of "Byzantine intrigues" to expel Turkey from the Council of Europe, restrict Turkish exports to Europe and criticize its human rights record.

"Turkey has experienced such activities throughout its history. We have existed without the Western world before and will continue to exist with or without them," General Evren said. He is touring the country to explain new laws on elections and political parties.

Algerian Official Travels to Iran

ALGIERS (Combined Dispatches) — Prime Minister Mohammed Benmehdi Abdelghani left Sunday for an official visit to Iran, in what appeared to be an Algerian effort to end the three-year war between Iran and Iraq.

Mr. Abdelghani carried a message from President Benjedid Chadli to the Iranian religious leader, Ayatollah Ruhollah Khomeini, the Algerian news agency said. The visit came amid talk in government circles about improved possibilities for a settlement of the war, United Press International reported.

Meanwhile, the Islamic Republic News Agency quoted President Ali Khamenei of Iran as having denounced Iraqi attacks on the southwestern towns of Andimeshk and Duzdul and said Iran would deal "blows on the aggressors." And the Iraqi information minister, Latif Nassif Jassam, said his country's forces could wipe out Iranian border towns if Iran insisted on shelling civilian areas, the Iraqi News Agency said.

China Praises Pakistan on Afghans

BEIJING (AP) — Foreign Minister Wu Xueqian praised Pakistan Sunday for "supporting the just struggle of the Afghan people" and aiding three million Afghan refugees.

At a banquet for the Pakistani foreign minister, Sahabzada Yaqub Khan, Mr. Wu said China supported Pakistan's demand for the withdrawal of foreign troops from Afghanistan, the Xinhuas news agency reported. Xinhuas said Mr. Yaqub Khan had arrived earlier Sunday for talks with Mr. Wu on the Afghan question and other international issues.

The agency also quoted Mr. Yaqub Khan as saying at the banquet that Pakistan and China have taken "an identical and principled stand" on the problems of Afghanistan and Cambodia and "have remained in close touch on these and other matters." China has demanded the withdrawal of Vietnamese troops from Cambodia.

For the Record

CASABLANCA, Morocco (AP) — The leftist National Union of Popular Forces called Sunday for a boycott of Morocco's June 10 nationwide local elections. The government had called the elections without giving the country's "progressive forces" enough time to mobilize, a communiqué said.

ALGERS (AP) — A financial court rejected Saturday the appeal of the former Algerian foreign minister, Abdelaziz Bouteflika, and one of his top aides and ordered them to repay more than 2 million Algerian dinars (\$325,000) that they had been convicted of illegally diverting.

ISTANBUL (AP) — The newly built Soviet aircraft carrier Novorossiysk passed through the Bosphorus early Sunday from the Black Sea toward the Aegean, port sources said.

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WORLD BRIEFS
Editor Criticizes...

Republicans and Democrats Urge Reagan to Aid in Budget Talks

By Caroline Atkinson
and Cass Peterson
Washington Post Service

WASHINGTON — Congressional Democrats and Republicans called Sunday on President Ronald Reagan to involve himself personally in the search for a budget compromise, or risk huge budget deficits for the foreseeable future.

Senator Robert J. Dole, Republican of Kansas, member of the Senate budget committee and chairman of the influential tax-writing Senate Finance Committee, said: "It's time for the president to become a participant in the budget process."

Speaking on a television program, Mr. Dole warned that without a congressional budget resolution for fiscal 1984, which begins in October, "there's some danger of the economy sort of sputtering out."

Representative Timothy E. Wirth, Democrat of Colorado, of the House Budget Committee, said in another television program that it was "absolutely imperative" that the Senate pass a budget resolution.

Representative Richard A.

Gephardt, Democrat of Missouri, appearing with Mr. Wirth, said that a compromise on the budget that would bring down the huge projected deficits for later years would be possible "if, and only if, we can get the president engaged in the budget process."

Mr. Dole and other Senate Republican leaders met with presidential aides on Friday after efforts to approve a Senate budget resolution collapsed. Senators were unable to muster a majority for any budget plan, with disagreement centering on how much to spend on arms next year and whether to raise taxes significantly to help close the budget gap.

White House aides said Friday that the president would give the Senate leadership "running room" to fashion a budget resolution that can command a majority.

The House has passed a resolution allowing for a 5 percent increase in military spending, after inflation, and for \$30 billion of tax increases this year.

Mr. Reagan's personal arm-twisting has been given credit for many of the administration's fiscal victories in the past two years. But this year, despite deficits soaring

toward \$200 billion, the president has taken a lower-keyed role. While he has threatened to veto major tax increases, he has not called legislators on behalf of domestic spending cuts and has said less to public about the dangers of big deficits.

The president, asked Sunday on his way back from the presidential retreat at Camp David, Maryland, whether he would take a more active role in the budget, said, "we'll see you Tuesday night."

He is to hold a formal news conference — the first in three months — on Tuesday night, the White House said.

Mr. Dole said Sunday: "I still believe there are enough Democrats and Republicans to put together a fairly conservative budget resolution, but we haven't attempted that. ... That's why I think the president — or I hope the president — might indicate he'd like to be a party to the budget process, even though it's a congressional discipline. It's not a spectator sport."

Asked whether he was willing to compromise on the budget, Mr. Reagan said Friday, "I have compromised for two years now," but he said that he was "prepared to be reasonable."



E. Howard Hunt Jr.



Eugenio R. Martinez



Jeb Stuart Magruder

Watergate Burglar Is Pardoned But Hunt, Magruder Are Rejected

By Leslie Maitland
New York Times Service

WASHINGTON — President Ronald Reagan has denied pardons to Jeb Stuart Magruder and E. Howard Hunt Jr. for their parts in the Watergate burglary, according to Justice Department officials.

Mr. Reagan rejected requests for their pardon before deciding to pardon Eugenio R. Martinez, another convicted Watergate figure, the officials said Saturday.

Mr. Magruder and Mr. Hunt, both of whom served as White House aides under President Richard M. Nixon, were convicted after the 1972 break-in at the Democratic Party headquarters in Washington.

All three men were paroled after serving prison sentences. Mr. Magruder for obstruction of justice and Mr. Martinez and Mr. Hunt for burglary, conspiracy and wiretapping.

According to Associate Attorney General Rudolph W. Giuliani, Mr. Reagan decided all three requests in accordance with the recommendations of the Justice Department's acting pardon attorney.

"There was a distinction to be drawn on the basis of culpability," the attorney, David C. Stephenson, said Saturday. "Martinez was perhaps the least culpable, one of the lesser actors in Watergate. The other two were higher up."

Mr. Stephenson said that "absolutely no political considerations were involved in making the recommendations."

Mr. Martinez, 60, now works in Miami as a sales manager for a Chevrolet dealership. He was the first Watergate defendant to receive a presidential pardon, which restores to a felon all civil rights, such as the right to vote or hold public office.

President Gerald R. Ford pardoned his predecessor, President Nixon, for any crimes he might have committed, although Mr. Nixon was never formally charged with any offenses.

Earl J. Silbert, the former United States attorney who prosecuted the Watergate defendants, said Saturday that he had told the Justice Department that of those convicted in the Watergate affair, Mr. Martinez and two of the other Cubans recruited for the burglary — Bernard L. Barker and Virgilio Gonzalez — were the most appropriate to be pardoned.

Mr. Silbert, who is in private practice in Washington, added that he had informed the department within the past year that he recommended against pardoning Mr. Hunt.

Mr. Hunt, a former White House consultant, is living in Miami, lecturing and writing. Mr. Magruder, former deputy director of Mr. Nixon's re-election campaign, is an associate pastor of the First Presbyterian Church in Burlingame, California, after graduating from Princeton Theological Seminary.

Both Mr. Martinez and Mr. Magruder were denied pardons before. Mr. Stephenson said, but it was the first time Mr. Hunt had applied.

"Magruder was charged with perjury and convicted and at the time was an official of the Committee to Re-elect the President," one Justice Department source said, explaining the pardon denial. "Perjury is pretty close to an unpardonable offense if the criminal justice system is going to work."

Glenn Overtakes Mondale in Poll

By Robert Shogan
Los Angeles Times Service

WASHINGTON — A new poll by the Los Angeles Times shows that Senator John Glenn is overtaking Walter F. Mondale, a long-time front-runner in the contest for the Democratic presidential nomination.

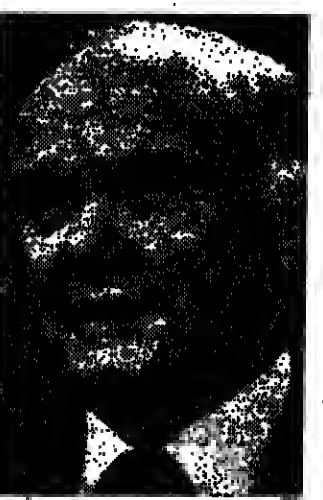
The development seems to suggest that voter preferences for 1984 may be more volatile than many politicians and analysts had believed.

Senator Glenn, an Ohio Democrat, trailed Mr. Mondale 17 percent to 34 percent in a Los Angeles Times poll early last month. He was favored by 28 percent of the registered Democrats in the latest national survey, while 26 percent favored Mr. Mondale.

Jesse Jackson, a black leader, ran third, favored by 5 percent of those polled, and Edmund G. Brown Jr., the former California governor, was the favorite of 4 percent.

In a part of the poll simulating a general election vote, Senator Glenn and President Ronald Reagan each were chosen by 44 percent of all registered voters surveyed, while Mr. Mondale trailed Mr. Reagan, 40 percent to 48 percent.

In the April poll, Mr. Glenn had led Mr. Reagan 47 percent to 41



Senator John Glenn

been saying all along we don't put any stock in presidential preference polls. We believe that right now the polls mainly reflect name recognition and who is in the news."

She also contended that the poll results were "fundamentally out of step" with other polls.

The only other publicly disclosed national survey of Democratic voters taken since Mr. Reagan's announcement, conducted by Penn & Schoen Associates, showed Mr. Mondale leading Mr. Glenn 36 percent to 24 percent, with Mr. Jackson at 9 percent. Most earlier polls, like the Times's April survey, have shown Mr. Mondale with a bigger lead, up to 20 points and more.

The 442 registered Democrats interviewed in the new Times poll were asked to choose who they would like to see their party nominate for president in 1984 from a list of the six declared candidates, as well as Mr. Brown and Mr. Jackson. The results for a sample of this size are considered to have a margin of error of five points either way.

For the general election question, 932 registered Democratic, Republican and independent voters were interviewed. The margin of error was plus or minus three points.

percent, while Mr. Mondale was ahead of the president 47 percent to 44 percent.

The new survey was taken May 8 to May 12, after Senator Glenn's April 21 announcement of his candidacy, a development that his strategists said probably accounted in part for his gains.

Informed of the poll results, Maxine Isaacs, Mr. Mondale's press secretary, said: "We have

Nitze, Arriving for Geneva Talks, Calls Soviet Terms Unacceptable

The Associated Press

GENEVA — The chief U.S. negotiator in the Geneva talks on medium-range missiles, Paul H. Nitze, arrived Sunday for a fresh round of talks and said the Soviet Union was still imposing "unacceptable conditions" on an agreement.

But he reaffirmed the United States' "commitment to a positive outcome" in the negotiations, which resume Tuesday, and said President Ronald Reagan's proposal for a so-called interim agreement provided "the opportunity and the dynamics needed for progress."

The chief Soviet delegate to the talks, Yuri A. Kvitinsky, who arrived Saturday, renewed Moscow's rejection of the Reagan proposal, saying it did not mean any positive change in the U.S. position.

Mr. Kvitinsky, who accused the United States of blocking progress at the talks, said that the latest Soviet offer provided a basis for breaking the impasse in the 18-month-old talks.

Under the U.S. solution, Washington would reduce the number of single-warhead missiles that the North Atlantic Treaty Organization is slated to deploy in Western Europe starting in December. If Moscow would reduce its warheads to an equal level.

The Soviet Union, which NATO sources say has about 351 three-warhead missiles aimed at Europe, has offered to count warheads as well as missiles and aircraft in any agreement but has insisted that the Western ceiling include French and British missiles. The NATO plan calls for 108 Pershing-2 missiles and 464 cruise missiles.

In his arrival statement, Mr. Nitze made no reference to the Soviet offer. In answer to questions, he said he had "more latitude" under the new Reagan proposal, but he reiterated that the original U.S. proposal to eliminate all medium-range nuclear weapons from Europe also remained on the table.

The reference in his prepared statement to "unacceptable conditions" was seen as meaning the So-

viet insistence on including British and French missiles.

Asked whether he detected more flexibility on the Soviet side, Mr. Nitze said, "Not yet, but I hope so."

Count of Allies' Missiles
Valentin Falin, a leading Soviet commentator, claimed Sunday in the government newspaper Izvestia that Britain and France had deployed a total of 434 nuclear warheads against the Soviet Union and its allies, Reuters reported from Moscow.

Mr. Falin, a former ambassador to West Germany, has been closely involved with the missiles question. His commentary appeared to shed new light on the Soviet proposal made earlier this month.

The implications of Mr. Andropov's new formula had been unclear because the Kremlin had given no official estimate of how many warheads were to the British and French arsenals.

In an interview with the West German magazine Der Spiegel in April, Mr. Andropov gave a figure of "more than 400," which Western diplomats in Moscow described as wildly exaggerated.

Western analysts in Moscow quote Soviet experts as saying the total of 434 comprises 98 French missiles with single warheads, 16 British Polaris missiles with three warheads and 48 Polaris missiles with six warheads.

Britain and France say their missiles are strategic, not medium-range, and are not designed to provide a nuclear umbrella for other NATO countries, such as West Germany.

Mr. Falin called these arguments "theater of the absurd." He said the Geneva talks were not about U.S.-Soviet parity in Europe but about "all-European security and balance, which is made up of all components."

Peace Movement Confident
Organizers of a European peace conference to Berlin said Saturday that they were confident of being able to prevent the deployment of U.S.-built missiles in Europe, The Associated Press reported.

Saturday was the last day of the six-day conference, attended by about 3,000 people from 25 countries.

Oskar Lafontaine, mayor of Saarbrücken and a member of the opposition Social Democratic Party of West Germany, called on West German unions to stage a general strike to stop deployment.

Another member of the Social Democrats, Erhard Eppler, and members of the anti-NATO Greens party said the West should initiate disarmament in hopes that the East bloc would follow suit.

Hitler 'Diaries' and the Media: Coverage or Exploitation?

By Jonathan Friendly
New York Times Service

NEW YORK — When the West German government announced May 6 that 62 volumes purporting to be Hitler's diaries were fakes, the only people who seemed surprised were the journalists in West Germany, Britain and the United States who had either paid for the documents or had reported on their contents.

The editors and reporters and their history experts were left to explain why they had rejected the forgeries later than many of their readers.

At Stern, the West German magazine that paid more than \$3 million for the diaries and trumpeted its journalistic coup, the reporter who had acquired the papers, Gerd Heidemann, was dismissed; two senior editors resigned, and the publisher, Henri Nannen, admitted, "We have reason to be ashamed."

Mr. Heidemann, meanwhile, accused his former employers of

using him as a scapegoat for what he called their incompetence.

In a news conference after the forgeries were revealed, he said he had obtained the notebooks from a dealer in Stuttgart who handles Nazi memorabilia and had begun supplying them to Stern in 1980.

It was not his fault, Mr. Heidemann said, that two years Stern had not properly checked the material.

"I'm extremely sorry," said Hugh Trevor-Roper, the British historian on the board of directors

of The Times Newspapers in London who had vouched for the documents' authenticity before The Sunday Times agreed to pay Stern \$400,000 for publication rights.

The owner of The Times, Rupert Murdoch, felt differently. "Nothing ventured, nothing gained," he told The Times magazine.

The Times and a number of other newspapers Mr. Murdoch controls, including the New York Post and the Boston Herald, had printed extensive excerpts from Stern while mainly leaving aside the question of whether the material was genuine.

William Broyles Jr., the editor of Newsweek magazine, said "We feel very, very good about how we handled this."

Newsweek's handling included putting a picture of Hitler on the magazine's cover and devoting 13 pages to what the Stern excerpts said. The coverage was heralded in an advertising campaign that omitted what Mr. Broyles said was a central fact of Newsweek's report: doubts that the material was real.

Journalists, in retrospect, have defined two major issues concerning the diaries and the press, one dealing with the morality of "selling Hitler," the other with the practical problems of drawing a line between "coverage" and "exploitation" of such a matter.

Before the fraud was conclusively revealed, the Los Angeles Times said that "credibility is a good deal of hard to hand." The editorial contended that coverage such as Newsweek's posed "some danger of trivializing Hitler" by turning him into a comic character.

Arthur Ochs Sulzberger, the publisher of The New York Times, said the newspaper had been approached about buying publication rights but had turned down the offer because "we didn't want to be in the Nazi business."

The morality of selling Hitler "bothered us," said Katharine Graham, chairman of the board of The Washington Post Co., which owns Newsweek. But she said, "if Hitler had left behind diaries, whatever they said was of interest," and buying the publication rights to the documents would have made reporting their contents easier and more complete.

Mr. Broyles said Newsweek "never got to that hurdle" of moral concern because the talks with Stern collapsed over uncertainties about the notebooks' authenticity and over a disagreement concerning the German magazine's plan to maximize their commercial value by serializing publication over many months.

Time magazine had no ethical qualms, according to its managing editor, Ray Cave. He said it did not make a deal with Stern because the German magazine's deadlines for publication did not give Time an opportunity to verify the material.

On Friday, the Stuttgarter Nachrichten, a local newspaper, said Mr. Kujau had written the diaries himself.

Supplier of Diaries Surrenders, Denies Reports He Forged Them

By James M. Markham
New York Times Service

BONN — The man who supplied the forged Hitler diaries to a journalist at Stern magazine has turned himself over to the police and denied that he had forged the notebooks, his lawyer said.

Konrad Kujau, also known as Konrad Fischer, a Stuttgart dealer in Nazi memorabilia, was reported to have given himself up voluntarily Saturday at the Austrian frontier, and, according to his lawyer, was in detention in Hamburg Saturday night.

In another development, staff members at Stern's Hamburg headquarters voted Sunday to continue a sit-in to protest the naming of Johannes Gross and Peter Scholl-Latour, two conservative journalists, as the magazine's new senior editors.

The staff at Stern, which has pursued a leftist editorial policy on international and domestic affairs, moved into the magazine's offices Friday night.

The journalists then passed a resolution by a vote of 162-2 saying that the naming of the two men to succeed Peter Koch and Felix Schmidt, who resigned over the diary scandal, threatened the magazine's generally liberal stance.

After Mr. Kujau's arrest, his lawyer, Rolf Schmidt-Diemitz, said in a telephone interview that Mr. Kujau said he had received the equivalent of \$1 million for the diaries from Gerd Heidemann, a Stern reporter who has been dismissed. Mr. Schmidt-Diemitz said Mr. Kujau had told him that he had kept only \$125,000 for himself.

Stern, which has sued Mr. Heidemann for fraud, has said it gave him \$3.7 million for the diaries.

The lawyer said Mr. Kujau said that reports that he had forged the volumes were "absurd" and that he did not know the old script in which they were written.

Mr. Kujau said that he met a man identified only as a Mr. Mir-

dorf in East Germany, who supplied him with documents and other artifacts from the Nazi era, and that in 1978 Mr. Mirdorf asked whether he would be interested in Hitler diaries.

According to the lawyer, Mr. Kujau brought two volumes of the diaries out of East Germany in 1981, but later transfers took place in West Germany and Switzerland. Mr. Kujau was said to have met another man identified only as Mr. Lauser in East Germany, who later delivered the notebooks to him in West Germany and took payment for them.

According to accounts in Stuttgart, Mr. Kujau had lately been extremely free with money. The accounts also said that the police had searched Mr. Kujau's office last week and had found a vast library of books from and about the Nazi era.

On Friday, the Stuttgarter Nachrichten, a local newspaper, said Mr. Kujau had written the diaries himself.

8 W. Germans Freed in 2d Prisoner Swap With Libya

Reuters

FRANKFURT — Eight West German businessmen freed by Libya in the second prisoner exchange between the two countries in a week arrived here Sunday.

The businessmen, who had been accused of spying for the Central Intelligence Agency, arrived on board a regular Libyan Arab Airlines flight, which was due to take two Libyans freed by Bonn back to Tripoli later Sunday.

A government spokesman, Jürgen Sudhoff, later confirmed

that the prisoner swap had taken place.

Mr. Sudhoff linked Sunday's moves with the return the previous weekend of four long-term West German prisoners from Libya exchanged for a Libyan serving life imprisonment for the 1980 murder of a former Libyan diplomat in Bonn.

The two Libyans freed Sunday were Mustafa Zaidi, a doctor, and Abdullah Salem Yahia, a student. The Bonn court trying them for the alleged kidnapping and torture of two Libyan students at a Libyan

Embassy residence in Bonn last December had agreed to release them and call off the trial, Mr. Sudhoff said.

This followed intensive negotiations with Libya, including talks in Tripoli by the Foreign Ministry minister of state, Jürgen Möllemann, he said.

He said the government had asked the justice authorities to release the two Libyans in order to reach a legal solution giving humanitarian grounds precedence over judicial interests.

Cancer Virus Detected In Some AIDS Patients

By Christine Russell
Washington Post Service

WASHINGTON — A rare virus that causes cancer has been detected in some patients who have Acquired Immune Deficiency Syndrome, according to research published Friday. The discovery is the strongest clue yet to the cause of AIDS, a disease that destroys the body's immune system.

Researchers are unsure whether the discovery means that the virus causes the disease or whether it simply affects patients after they have become ill.

Researchers at the Harvard School of Public Health, the National Cancer Institute and the Pasteur Institute of France all reported finding human T-cell leukemia viruses in some patients with AIDS, as well as those with an illness that may precede the disease, according to the research results published in the journal Science.

"It's a very strong lead. There hasn't been a major candidate thus far," said Dr. Peter Fischinger, associate director of the National Cancer Institute. "Within six months to a year, we'll have a much better idea whether to rule this in or out."

"It's perhaps the most provocative, intriguing laboratory finding thus far," said Dr. James Curran, head of the AIDS task force at the Centers for Disease Control. "However, these findings should not be prematurely overinterpreted as meaning this particular virus is the cause of AIDS. Rather it is an important clue."

More than 1,410 male homosexuals, drug addicts, Haitians, sexual partners of AIDS patients, children and hemophiliacs and other recipients of blood products have contracted AIDS since the disease was first identified in 1981. So far, 541 of them have died. Their immune systems were destroyed, leaving them vulnerable to infections or cancer. There is no known cure.

In the new research, a team headed by a Harvard scientist, Max Essex, working with scientists at the Centers for Disease Control, found a strong increase in T-cell leukemia virus antibodies in AIDS patients, a sign that they had been affected with the cancer virus.

In tests of blood samples from 75 AIDS patients, the researchers found signs of antibodies in 25 percent of the cases and weaker indications in another 10 percent. Half were clearly negative.

But in a group of matched control patients without the disease, the researchers reported antibodies in only about 1 percent — one patient who was a friend of an AIDS victim. While more common in other parts of the world, T-cell leukemia virus infections in general are thought to occur in less than 1 percent of Americans.

In other studies, Dr. Robert Gallo and colleagues at the National Cancer Institute isolated the cancer virus from three patients with AIDS. They also found genetic material from the virus incorporated in some white blood cells of two of 33 AIDS patients.

During the same period, French scientists found a related virus in a patient with an illness involving swollen lymph glands and fever that may be a forerunner of AIDS. The Harvard group found that one-fourth of patients with the illness showed signs of the virus.

Researchers suggested several possible explanations as to why antibodies or the virus itself were not found in more AIDS patients, if indeed the T-cell virus should turn out to be the cause. One of the explanations, Mr. Essex said, could be that "our tests may not be sensitive enough."

In interviews, Dr. Gallo and Mr. Essex said the T-cell cancer virus is an important candidate as a possible cause of AIDS because both T-cell leukemia-type cancers and AIDS involve damage to T-cells, a type of white blood cell.

Trudeau Says Reagan Is Feared as 'Warlike'

By Les Whittington
Washington Post Service

TORONTO — Prime Minister Pierre Elliott Trudeau, in his most critical remarks to date about President Ronald Reagan, has said Mr. Reagan has provided some justification for public fears that he is "warlike" toward the Soviet Union to be trusted.

The comments, in an interview published Saturday, came as Mr. Trudeau prepares to represent Canada at the economic summit meeting of seven major Western industrial nations at Williamsburg, Virginia.

Mr. Trudeau also expressed serious concern about Mr. Reagan's approach to dealing with Moscow, questioned the wisdom of economic sanctions and ridiculed the notion that a nuclear war could be won by U.S. forces.

Mr. Trudeau, who has come under increasing pressure from protests against the planned testing of U.S. cruise missiles in Canada, said most of the demonstrators are concerned about U.S. attitudes toward nuclear weapons.

"They are demonstrating against what they see as the policy of an American president who has, rightly or wrongly, been perceived as warlike or so hostile against the So-

viet Union that he can't be trusted," Mr. Trudeau said.

He added: "Unfortunately, President Reagan and some around him have given some justification for those fears."

The interview was printed in the Toronto Star, which has strongly opposed cruise missile testing in Canada. The paper displayed Mr. Trudeau's comments prominently on the front page under the headline: "Fears of Reagan Justified: P.M.," meaning "prime minister."

Referring to discussions in Reagan administration about the possibility of winning a nuclear conflict with the Soviet Union, Mr. Trudeau said such ideas are "pretty absurd." The point is not winning or losing but that "we want to avoid a nuclear war," he said.

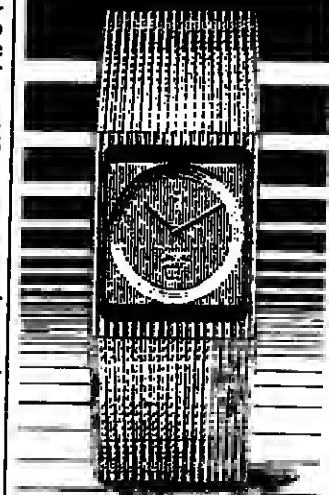
Saying that Mr. Reagan, in a recent speech, had described the Soviet leaders as "something worse than an immoral people," Mr. Trudeau said, "I disagree with so much of the approach of his administration to the Soviet Union. I think the Soviet Union is a great power, and it should be treated as a great power."

"The United States should be dialoguing with the Soviet Union and not treating them as a criminal people," Mr. Trudeau said.



Peter Scholl-Latour, left, and Johannes Gross, Stern's new senior editors.

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Joblessness Remains Top Worry in Industrialized Nations

International Herald Tribune

PARIS — Unemployment leads the list of concerns of citizens in major industrialized nations, just as it did six months ago when the International Herald Tribune first measured public opinion internationally in cooperation with the Atlantic Institute, Louis Harris and a group of newspapers in the countries polled.

That worry, which increased between the two surveys in all countries except Britain, reflects worsening unemployment statistics. The same concern was cited last week by ministers of member states of the Organization for Economic Cooperation and Development, who said after meeting in Paris that they were "very concerned about the high and rising levels of unemployment" and promised that their governments would "promote job creation and high employment."

The unemployment issue drew special notice from younger people polled. In every country, that concern was higher among youths than the national total. It was most pronounced in West Germany, where 83 percent in the 18-to-24 age bracket and 87 percent of the 24-to-34-year-olds listed unemployment as a major concern — compared with 82 percent nationally.

A notable exception was Japan, which was included in the survey for the first time. The Japanese unemployment rate for 1982 was the highest in 27 years, but at 2.4 percent it was considerably lower than those of most other industrialized nations. Japanese respondents ranked crime, the threat of war and other socioeconomic worries as more important than unemployment.

Of special interest was Norway, where concern

about unemployment increased 13 percentage points between the autumn and spring polls, despite the fact that the Norwegian unemployment rate in 1982 was only 3.7 percent, in contrast to the double-digit rate in most other OECD countries.

Per Egil Hegge, deputy foreign editor of Aftenposten of Oslo, commented that "Norway used to be exempt from unemployment problems that hit the rest of Europe, in part because all postwar governments had full employment as the top priority." Now, Mr. Hegge said, any increase in the unemployment rate, which was 2.1 percent in 1981, has an important psychological effect.

Almost as notable as the increased concern in other areas were the decreases in worry about inflation and the energy crisis in most countries, an indication of the changing nature of the protracted economic problem and the recent decline in oil prices.

In Spain, the second greatest worry was the threat of war, noted by 48 percent of those polled, an increase of 6 percentage points from the survey published in October. Concern was uniform in all segments of Spanish society, including political parties of the left, right and center.

That was attributed by Juan Yuste, of the foreign news staff of El Pais of Madrid, to a combination of factors, including memories of Spain's civil war, tensions with Morocco over Spanish territories in North Africa and the debate over Spain's membership in NATO.

The centrist government in Madrid formally joined the North Atlantic Treaty Organization in May 1982, but the new Socialist government suspended integration into NATO's military structure in December on

the grounds that the decision to enter the alliance had been too hasty.

Mr. Yuste said the change in government was at least partly responsible for the decline among Spaniards in concern about poor political leadership. In Spain and in West Germany, which also changed administrations after last autumn's poll, political leadership as a worry decreased 6 percentage points.

In the United States, there was an increase of 10 percentage points in that category, making it the third most important concern to Americans among the 10 options. That view was found in all areas of the population, but it was most startling when seen in terms of party affiliations. Of respondents who said they were Democrats, 36 percent said they were concerned about poor political leadership, compared with 31 percent last autumn; 30 percent of Republicans said they had that concern this time, compared with 15 percent last time.

Analysts at the Atlantic Institute, however, were reluctant to describe the result as an indication that President Ronald Reagan is in trouble. They indicated that it might also show dissatisfaction with Congress.

U.S. pollsters who regularly check the president's ratings found that, after dropping from its high point of 73 percent voter approval in the spring of 1981, Mr. Reagan's support leveled off in October 1981 and since has been relatively stable, hitting a low of 42 percent approval against 52 percent disapproval in January.

Analysts noted that in some countries voters distinguish between government leadership and political party leadership.

In Italy, the leadership category was checked as an

area of concern by 27 percent of respondents but was up only 1 percent from last year despite the collapse of Amintore Fanfani's government and the decision to hold elections next month. That appeared to contrast as well with Italian responses on another question: 60 percent blamed inadequate government policies as the major national cause for economic difficulties.

Fabio Basagni, a deputy director of the Atlantic Institute who is a specialist on Italian politics, said: "When an Italian talks about political leadership, he is thinking about Craxi or Spadolini or his own party's leader. But the failure of a government to last more than nine months hits everybody across the board and is not considered a question of political leadership."

In the third country where this issue ranked relatively high, the Netherlands, it is a question of relatively strong action by a new coalition that thinks of itself as a "no-nonsense" government, according to Kees Calje of the foreign news staff of NRC-Handelsblad of Rotterdam. "They have been a little tough-minded, and some people obviously don't like that," he said.

Another area of increasing concern in most countries is nuclear weapons, which is a logical consequence of the intensified debate about a nuclear freeze in much of the NATO area. The greatest change from the first poll is among Italians, who registered an increase of 12 points. This is due to what Mr. Basagni calls the delayed impact of "the Comiso effect," named after the place in Sicily where the Italian government has promised under a NATO decision to install medium-range nuclear missiles unless the United States and Soviet Union reach agreement on cutbacks in their Geneva talks.

Respondents Favor Free Trade, But Also Support Protectionism

International Herald Tribune

PARIS — Five of a set of six questions asked by Louis Harris interviewed respondents focused on the role of government in dealing with current economic difficulties in the industrialized world. The sixth dealt with possible sacrifices by individual citizens as an aid to recovery.

At first reading, the replies to one question disclosed impressive support for protectionist measures in each of the nine countries polled. Britons and Americans appeared most favorable to import restrictions, 65 percent to 31 in the United States and 69 to 31 in Britain, and respondents in the other countries showed only slightly less backing for selective high tariffs.

But a "control question," on free trade drew a strikingly contradictory response. In the United States, 58 percent said they favored reduced trade restrictions and 35 percent opposed them; it was 57 to 25 in Britain. There were similar reactions in the other countries, except Japan, where a high percentage of "not sure" responses on both items may have invalidated the results.

Analysts noted that voters, like government officials, may preach free trade but, particularly in difficult times, sincerely protest that vulnerable national industries need some short-term protection against imports until the economy improves.

"It is a schizophrenia that is also reflected in the differences between the way government policy-makers talk and the way they act in places like the OECD," commented Carl Gervitz, the Herald Tribune's economics editor and an economics specialist, referring to the Organization for Economic Cooperation and Development.

"I was quite surprised at the strong protectionist feeling shown among German Christian Democrats," noted Theo Loch of the Westdeutscher Rundfunk. "It is quite different from the way their politicians talk in parliament."

Respondents who identified themselves as supporters of the ruling Christian Democrat Union and its sister Christian Socialist Union favored increased import restrictions, 52 percent to 18, compared with the overall German totals of 48 to 24, with 28 percent not sure.

Another apparent contradiction came in answers to two questions about government itself. By impressive majorities, except in France and Spain where new Socialist administrations have been actively stimulating their economies, respondents called for more government action. Yet interviewers in most of the countries also found significant support for reducing the role of government.

The two questions are not exact opposites. Government stimulation is not necessarily defined as subsidizing exports; it may be as restrained as the establishment of a council to discuss ways of improving tourism.

In Britain, Prime Minister Margaret Thatcher has promised as part of her re-election campaign to continue to denationalize industries and cut back on the welfare

state. But responses to this poll showed support for more government stimulation of the British economy — 63 percent to 21 percent in Mrs. Thatcher's own Conservative Party, 65 percent to 16 percent among Labor voters and 67 percent to 13 percent among supporters of the Liberal-Social Democratic Party alliance.

And, in what seemed to be a startling contradiction to Thatcher policy, Conservatives opposed, 50 to 34, reducing the role of government in the economy, while Labor voters favored it, 45 to 33, as did the alliance supporters, 42 to 39.

The results were so surprising that the Louis Harris Group in London rechecked its data. The findings were confirmed, but a Harris pollster who supervised the survey, John Hayner, said it appeared that British respondents had interpreted the question to make "government" synonymous with the Thatcher cabinet rather than to mean government in general. Under that reading, it would be logical for Labor and alliance voters to favor less Thatcher influence on the economy, while Conservatives wanted it to continue.

In the United States, where President Ronald Reagan was elected on a platform that included reducing government's role, Republicans, Democrats and independents alike said in this poll that they favored less government. But Americans of all parties also said they favored reducing military spending and using some of the savings on welfare and education — 57 to 40 among Republicans, 57 to 20 Democrats and 69 to 27 independents. Mr. Reagan has chosen the opposite course.

Excessive government spending was one of the primary American concerns in the barometer question, cited by 33 percent of respondents, and almost as many Democrats (31 percent) as Republicans (34 percent). But when asked about more government economic stimulation, Republicans were divided evenly, 47 to 47; Democrats favored it, 58 to 34, as did independents, 53 to 41.

The least equivocal answers to this pair of questions came from Norwegians, who overwhelmingly favor more government economic stimulation — 82 percent to 12 percent in general, a ratio that is reflected through all parties and professions. But asked about reducing the role of government, they divided 46 to 46, with 8 percent uncertain. That matched the relative lack of concern in Norway in the "barometer" question, which showed government spending was a worry to only 8 percent of respondents.

"To give you an example, the average farm in Norway is supported by the government at the rate of \$15,000 a year in various subsidies," commented Per Egil Hegge of Aftenposten. "It is the only way in Norway to prevent unemployment and depopulation in some of the remote areas of the country, so government spending has become a Norwegian consensus policy."

Increasing trade with the Soviet bloc as a means of economic recovery

was supported in all countries except Britain, the Netherlands and the United States. Part of the explanation for that undoubtedly lies in the residue of public resentment to U.S. attempts to restrict the sale of European equipment for the Soviet gas pipeline last year while American farmers continued to sell grain to Moscow.

But the most impressive backing for more trade with the East came from Spaniards — and from all supporters of all parties — 74 to 10.

The size of this response was explained by Juan Yuste of El Pais as a reaction to 40 years under Franco without relations with Eastern Europe. "It is mainly a political feeling. After having been fed anti-Communist information in all of the Spanish media for so long, Spaniards think they need to open their borders in that direction also."

The East-West trade question demonstrated the impact this has had as a headline issue. Analysts point out that in the strict context of the poll question — as a policy aimed at helping economic recovery — increased trade with the Soviet bloc would not be realistic, especially given difficulties of payment with the recent history of hard currency debts in the area. According to an unpublished OECD study, exports to the East are of "marginal importance" generally, amounting to less than 1.1 percent of gross national product in West Germany, Italy and the Netherlands.

A final question on possible ways to lessen economic recovery dealt with sacrifices that individual citizens would be prepared to make if "thousands of new jobs" would be created. In France, 34 percent said they would take early retirement with a slightly lower pension — an answer that appeared to reflect acceptance of a new government policy that encourages just that move.

"Discussion of this idea is building up in Germany right now," said Mr. Loch of Westdeutscher Rundfunk. Thirty-eight percent of Germans polled said they would agree to an early retirement plan, but acceptance of it was most pronounced in younger age groups — 59 percent among 18- to 24-year-olds, 50 percent of 25- to 34-year-olds and only 31 percent of those closest to retirement, in the 50 to 64 bracket.

Of special note in answers to the sacrifice question was Japan, where 34 percent, more than twice that of any other country, said they would not accept any sacrifice.

"There is a widespread feeling in Japan that it is the responsibility of the government or one's company, not the individual worker, to create jobs," commented Takashi Wada of Asahi Shimbun. "Focusing in this country is poor, for example, and after working for 40 years an average Japanese will find that he still has not been able to afford the kind of place to live he would like. There is no real interest in sacrifice in a situation like that."

—CHARLES MITCHELMORE

How Poll Was Conducted

International Herald Tribune

The second international poll conducted for the Atlantic Institute, the International Herald Tribune and a media group, includes polling in Japan for the first time to measure public attitudes to economic issues confronting leaders meeting in Williamsburg next week.

To achieve this, the same questions were asked in all nine countries during the last two weeks of March. Polling samples consisted of a cross section of adults, with national samples ranging from 936 to 1,618 people, a total of nearly 10,000 people in the countries surveyed.

Interviewing was done by telephone in the United States and in person in all other countries. The interviews were conducted by Louis Harris International through its offices in each country.

The Atlantic Institute for International Affairs is a private independent research center in Paris. More than 95 percent of its annual budget comes from private foundations. For this poll, the Institute received additional support from the Organization for Economic Cooperation and Development and the Commission of the European Communities, which did not participate in formulating the questions or interpreting the findings.

Joining with the International Herald Tribune as sponsors of the survey were the Financial Times of London, Le Matin of Paris, Il Sole-24 Ore of Milan, Asahi Shimbun of Tokyo, NRC-Handelsblad of the Netherlands, Aftenposten of Oslo, El Pais of Madrid, The Philadelphia Inquirer and the Westdeutscher Rundfunk of Cologne.

Questions about the poll or inquiries on the eventual purchase of the complete poll data book should be addressed to the Atlantic Institute for International Affairs at 120 rue de Longchamp, 75116 Paris.

Americans Alone in Optimism on Economy

(Continued from Page 1)

late national production. But in a possible contradiction, most of them want to reduce the role of government in their economies.

Only in Britain and the United States do more people oppose than favor increased trade with the Soviet Union and East European countries; in the Netherlands, responses were divided equally, at 36 percent.

Although there is at least a plurality in every country favoring a steady movement toward free international trade, there is even greater support for protectionism in all nine nations, an apparent contradiction.

The results showed important divergences in public opinion in the countries that will be represented next weekend at the Williamsburg, Virginia, economic summit meeting, but in most cases they are differences that are reflected in government positions.

That was most marked in responses to questions about the current economic situation. In the United States, 64 percent of those polled said they thought economic

growth should resume over the next two years. American optimism was consistent in all political parties, age groups and professions. Of those who identified themselves as Republicans, 73 percent were confident of an early end to the recession, along with 60 percent of Democrats and 63 percent of independents.

In all other countries, more respondents opted for answers that described "a severe long-term economic crisis" requiring "fundamental adjustments." In France and West Germany, there was less agreement on the description: 47 percent of the French polled saw a long-term crisis and 46 percent short-term, while 42 percent of Germans called it long-term and 41 percent short-term. In the other six countries, there was a greater tendency toward pessimism, most clearly in Spain, which has the highest unemployment and second highest inflation rate of the nine countries polled.

The American response was even more isolated in its view of where economic solutions are to be found; 42 percent said they would

come on the national level. In all other countries except Britain, international cooperation was cited.

That same split has become evident in preparations for the Williamsburg summit, and it showed at the ministerial meetings in Paris last week of the Organization for Economic Cooperation and Development. Although U.S. officials paid lip service to the concept of international "linkage" in economic recovery, they made clear in Paris that the United States would continue to pursue a national approach.

Martin S. Feldstein, chairman of the U.S. Council of Economic Advisors, conceded that European government "can usefully talk to each other about how if each one expanded the other one could expand more, [but] the United States doesn't have a role in that dialogue because the fact that the rest of the OECD is expanding more will not cause us to change our goals."

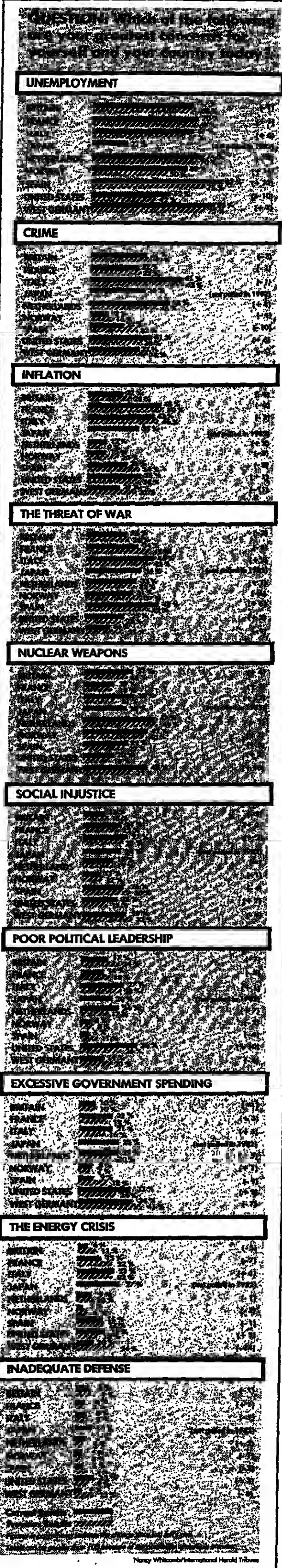
The survey noted almost complete agreement across national frontiers on the importance of unemployment. It was cited as the leading cause of concern in a "ba-

rometer" question identical to that posed in the poll taken last autumn in the same countries except Japan.

In March, Europeans and Americans ranked unemployment even higher on their list of worries, with as many as 87 percent of respondents, in West Germany and Spain, citing it as their main concern. Even in the United States, where other answers indicated confidence in the end of the recession, concern over unemployment went up 10 points, to 52 percent, as the main worry. That was despite a slight drop in the U.S. rate in April, to 10.2 percent from 10.3.

In Britain, where jobs have emerged as the main single issue in the current parliamentary election campaign, unemployment remains the major concern of those polled. But it declined one percentage point from the earlier survey, to 67 percent.

In Japan, where the question was posed for the first time, unemployment ranked eighth among causes of concern, noted by 23 percent of respondents; crime and the threat of war, both at 36 percent, were the top Japanese worries.



EC Ministers to Send Out 2 Envoys Seeking to Solve Financial Dispute

GYMNICH, West Germany — Two European Community envoys will tour European capitals this week in an urgent attempt to solve crucial financial disputes, Foreign Minister Hans-Dietrich Genscher said Sunday.

The decision to send the envoys shows how divided the community is over Britain's demand for a rebate on its 1983 EC budget contribution. Foreign Secretary Francis Pym of Britain hinted that the dispute would play a role in determining whether Prime Minister Margaret Thatcher attended an EC summit June 6 and 7 in Stuttgart.

tenschlager, taking the tour because West Germany currently holds the presidency of the community, will be accompanied by an official of the EC Commission.

After an informal two-day weekend meeting of the 10 EC foreign ministers at Gymnich Castle near Bonn, Mr. Genscher said Hans Werner Lautenschlager, secretary of state in the Foreign Ministry, would set out Tuesday, Mr. Lau-

QUESTION: Which of these possible international causes for our current economic difficulties do you consider the most important?

	Britain	France	Italy	Japan	Neth.	Norway	Spain	U.S.	W.Ger.
Major changes in oil prices	25	22	41	35	27	35	24	21	27
Japan's export policy	18	27	9	27	21	7	8	25	34
Unemployment in the U.S.	27	13	32	17	14	30	28	26	20
Unemployment in the U.S. (continued)	24	28	27	13	23	30	23	18	20
Lowest interest rates from Third World	10	40	38	23	13	24	25	18	15
Stagnation in the U.S. economy	40	35	12	11	21	23	7	28	34
Instability of international monetary system	19	40	38	23	13	24	25	18	15
High taxes	10	9	21	22	20	5	15	9	15

Economic Woes in Most Nations Blamed on Changes in Oil Prices

PARIS — Despite the recent fall in oil prices, the shadow of the sharp increases of the 1970s still darkens Western views of the current economic difficulties. In all nine countries polled, except France, West Germany and Britain, major changes in oil prices were listed as the most important international cause of today's crisis.

This comes as no surprise to analysts in the countries surveyed, even though there are different interpretations of the oil price effect. In most countries, the "major changes" cited in the question are understood to be the reaching of oil prices in the past decade by the Organization of Petroleum Exporting Countries — which has generally been assessed a principal cause of blame for the protracted recession in the industrialized West.

But in Britain, where it was listed as the second most important cause, and in Norway, the price change also means decreased national revenues because of the importance of North Sea oil in the budgets of both countries. West Germans, who for years survived the handicap of a strong currency in export markets, are surprisingly alone in seeing the export policies of their competitors as responsible for their economic problems. Japan's export policy was picked as the most important cause by 36 percent of Germans polled — and by 45 percent of business owners and managers. The German blame of Third World exports was almost as high — 34 percent in general and 40 percent by executives.

The German media have been full of stories about competition from the Third World in steel, textiles and chemicals, commented Theo Loch of the Westdeutscher Rundfunk of Cologne. "Many Germans have looked to France and noticed how effectively the French have limited exports of Japanese cars and they want to do the same thing here."

In Britain, only 18 percent of those polled blamed Japan, but 40 percent attributed problems to Third World exports, in part an indication that the British have more readily come to terms with Japanese competition — not least in arranging joint ventures such as the BL-Honda car-making project.

Although it was not the most important reason cited in any single country, insufficient economic co-

operation among Europeans was given considerable importance by all of the West European respondents. That was considered logical in countries such as Italy, which is a founder-member of the European Community, and Spain, which sees new hope for its economy in the possibility of joining the European Community. It was more surprising in Norway, where voters in 1972 rejected EC membership in a national referendum.

That does not necessarily indicate that Norwegians might be having a change of heart on their earlier decision, according to Per Egil Hegge of the Oslo newspaper Aftenposten.

The Norwegian economy is very heavily integrated with that of other nations," he said, while conceding that the poll result "does show a degree of internationalism not generally associated with Norwegians."

In France, where insufficient European cooperation was the second most frequent cause listed (38 percent), farmers who have long benefited from the Common Agricultural Policy have taken to the streets to show their unhappiness with the latest attempts to set EC commodity prices. Their displeasure also showed in the poll: 47 percent of the farmers blamed French economic woes on lack of cooperation in Europe.

But the most important cause of economic problems for most French respondents (49 percent) was the instability of the international monetary system, a theme that has been constant through the speeches of President Francois Mitterrand, a Socialist, and his conservative predecessors.

This item drew a 60-percent response from those who said they were members of Jacques Chirac's neo-Gaullist Rally for the Republic party. The poll result would indicate that Mr. Mitterrand has firm public support in his call last week for a "new Bretton Woods" conference to reform the international monetary system.

Somewhat more surprising in the French survey was that U.S. economic policy was less blamed — at 27 percent in a tie for fifth place — than would have been expected given government rhetoric. The U.S. factor was more important in Japan, where, at 32 percent, it was in second place. Gregory Flynn, a deputy director of the Atlantic Institute, noted that "where the Uni-

ted States is restrictive in its trade policies, that is frequently directed at Japanese products and there is a natural sensitivity to that in Japan."

Takashi Wada, assistant foreign editor of the daily Asahi Shimbun, noted that U.S. and European complaints about Japanese trade practices have received a great many headlines in Japan's media, focusing attention on Western policies.

"Frankly speaking," he said, "I have the feeling that the United States and Europe are very tough with Japan about trade policy."

As for domestic causes of the economic crisis, respondents in five countries blamed the fact that their societies are living beyond their means. The nature of the poll did not allow follow-up questions, which might have explained that.

A separate question showed that respondents in every country overwhelmingly favored cutting back on military spending in favor of more social services and education, but there is no certainty that voters feel that the military budget is an example of overspending.

Only Britons, with their history of labor unrest saw "irresponsible behavior" of unions as the major cause. But it was inexplicably also high in the United States, where recent contracts have featured "give-backs" in the form of lower wages and benefits, and in Italy, where the unions last year agreed to relinquish their once-unshakeable *scala mobile* indexing of salaries to prices.

More Italians, at 60 percent, blamed inadequate government policies, which was to be expected in a country with one of the highest inflation rates in the Organization for Economic Cooperation and Development. Dissatisfaction was apparent across the party spectrum, from 73 percent among Communist respondents to 49 percent among Christian Democrats.

In Japan, where government policies were also the most commonly cited domestic cause of economic problems at 53 percent, unhappiness was even stronger among proprietors and managers, at 67 percent, and 65 percent of middle-level executives blamed them. Even 49 percent of respondents from the ruling Liberal Party cited government policy failures for the economic situation.

QUESTION: In your country, which of the following do you consider to be the most important national causes for our current economic difficulties?

	Britain	France	Italy	Japan	Neth.	Norway	Spain	U.S.	W.Ger.
Excessive government expenditure	21	24	9	12	8	23	31	18	24
Inadequate government economic policies	28	33	60	53	30	25	25	34	23
The restrictions on foreign investment	10	40	19	15	30	23	17	20	17
Irresponsible behavior of labor unions	41	13	22	7	16	15	10	39	30
Our society is living beyond its means	23	39	28	28	35	32	35	38	34
Inadequately controlled industry	23	30	12	6	8	4	27	24	7
Not sure	7	6	14	21	15	6	38	6	18

Mexico Ex-President Aleman Dies

NEW YORK — Miguel Aleman, 79, a former president of Mexico and an advocate of industrialization and improvements in agriculture, died of a heart attack Saturday at his home in Mexico City.

In his six years as president from 1946 to 1952, Mr. Aleman directed the construction of major highways and of the University City complex, housing the National University of Mexico.

After he left the presidency, there were allegations of corruption during his administration. But in the early 1960s he was named president of a national tourist council that was formed at his suggestion and he remained that position until 1974. He was named the title of "Honorary Citizen" of Mexico in 1974.

Mr. Aleman, who had been a large shopkeeper, joined the revolution of 1910-11 against the ruthless regime of Porfirio Diaz, rose to the rank of general and was eventually killed in a conflict with another general.

Mr. Aleman's family moved frequently during his youth, but eventually settled in Mexico City. He earned a law degree and, at age 26, opened an office specializing in labor law. Among his clients were the widows and orphans of railroad workers killed during the revolution and the survivors of mine workers who had died of silicosis.

His career in politics began in 1930 when he was appointed a senator from Veracruz. He was also an appeals court judge and in 1936 was elected governor of Veracruz. In 1940, Mr. Aleman resigned as governor to run the successful presidential campaign of General Manuel Avila Camacho, who made him minister of interior. To the

1946 presidential campaign, as the candidate of the Revolutionary Institutional Party. Mr. Aleman easily defeated Esquivel Padilla.

Other deaths: Rodolfo Gucci, 71, a creator, with his brothers Aldo, Vasco and Ugo, of the Gucci fashion and leather-goods company, Saturday at a nursing home in Milan.

James Van Der Zee, 96, New York photographer, noted for the 1969 exhibit "Harlem on My Mind," early Sunday in Washington, shortly after receiving an honorary degree at Howard University.

John Fante, 74, screenwriter whose credits included "A Walk on the Wild Side," "Full of Life," "Jeannie Eagles" and "The Reluctant Saint," last week at the Motion Picture and Television Country House and Hospital in Woodland Hills, California.

Case in Kenya Illustrates Constraints on Press in Africa

At Issue in Reporter's Arrest Is the Concept of News Media as Extensions of Government

By Alan Cowell
New York Times Service

NAIROBI — A case involving a young Kenyan journalist said to have been threatened by the police because of his news-gathering activities illuminates some of the constraints on reporters in this continent, where the press is largely fettered by official controls.

A fundamental issue in Kenya and in the few other African countries with a free press is the attitude among some officials in much of the rest of Africa that journalists should be little more than messengers entrusted with the propagation of official utterances intended to further national development.

The concept of the press as an extension of government was illustrated at a recent news conference by a Zambian official who insisted that Zambian and foreign reporters stand and sing the national anthem before and after he gave his briefing.

Kenya, along with Nigeria and Senegal, is one of the few African nations that boasts a free press, but the term, by Western standards, is relative. In Nigeria recently, two senior journalists were arrested by the police in a manner interpreted by other reporters as intimidation. Senegal, technically, has a wide range of newspapers, but in reality the press is dominated by the newspaper of the ruling Socialist Party, which devotes itself to promoting President Abdou Diouf.

The case in Kenya concerns Paul Muhoho, 19, a reporter for the Nation, the country's largest-circulation daily newspaper. The police were said by the newspaper to have been angered by Mr. Muhoho's coverage of land-buying companies. At meetings of the companies, the riot police were reportedly called in and police dogs were unleashed, prompting a stampede in which several persons were injured.

According to an article in the newspaper and a report in the Weekly Review, one of Africa's most respected publications, Mr. Muhoho, who is based in the town of Nakuru, was subjected to unauthorized interrogation by the Nakuru police, blindfolded during questioning and warned that he would be shot if he did not curtail his reporting activities.

The situation has led to a campaign by publications on behalf of the reporter.

That a public debate questioning an instrument of state power should have erupted is seen by some government officials as a tribute to the freedom of Kenya's press. But there are other perspectives.

The issue has been discussed purely as a local affair, without drawing wider inferences that might touch on the style of the central government in Nairobi.

Yet, the debate has clearly angered Kenya's ruling elite, which recently acquired its own newspaper, the Kenya Times, owned now by the country's sole lawful political party, the Kenya African National Union. The Kenya Times, quoting an unidentified police spokesman, recently printed a blanket denial of Mr. Muhoho's allegations.

The practice of political parties owning newspapers is widespread in Africa. Some countries, such as

Zambia, share ownership of the press between the government and the ruling party — often the same thing. In Kenya, however, the idea is relatively new.

The formation of an official newspaper contradicted Kenya's customary press freedom and has posed a problem for editors of how they should react to it — whether through confrontation or less critical means.

The guiding principle of Kenyan editors and of journalists elsewhere in Africa is to try to stick to the narrow and often fluid line between what is acceptable to the authorities and what is beyond the official pale. The intention being to continue to give some idea of what is going on without being forced out of business.

A major problem for editors is that the two main English-language newspapers — the Nation and The Standard — are owned by foreigners whose interpretation of the correct line may be at variance with that of their editors, particularly if

the owners have other business interests here. Thus in the past two years, the ranking editors of The Standard, owned by the Lonrho conglomerate, and the Nation, owned by the Aga Khan, have both been replaced.

"Self-censorship is the only answer if one is to keep on in the business," one editor said. "Some things you don't print, but you hint at them."

This form of restraint is well practiced in other parts of Africa, as in Mozambique and Angola, where the press is a straightforward party organ, and in Zambia, where one of the newspapers, the Sunday Times of Zambia, seeks to take a line that is as informative as possible without being hostile to the ruling party that owns it.

Editors in Africa may employ devices to circumvent the constraints — an editor might choose, for example, to use an international news agency report about a development in his own country.

Such restraints do not, apparently, impinge on journalists in Nigeria, the main bastion of press freedom in Africa.

More than a dozen tabloid dailies appear in Nigeria, ranging across the political spectrum and including spicier material than elsewhere in Africa. Most have a political axe to grind and reality is presented through the prism of rival parties' interests.

The latest blow to press freedom in Nigeria involved the Sunday Concord, a newspaper founded by a tycoon and initially intended as a publication free of political connections. The newspaper, relying on constitutional safeguards, published official reports that the police considered embarrassing. Its editor, Dele Giwa, 35, was detained under the official secrets act and spent several spells in prison.

Ray Ekpku, a columnist, was arrested and charged with murder after he satirized the practice among some officials of burning down public buildings to cover up evidence of embezzlement and fraud.

Chinese Journalist Sentenced as Spy for U.S.

By Michael Weisskopf
Washington Post Service

BEIJING — The editor in chief of a Chinese Communist newspaper in Hong Kong has been sentenced to 10 years in prison on charges of spying for the United States.

The state-run Xinhua News Agency reported Sunday that Lo Cheng-Hsun, 62, was convicted of supplying "important secret information" on China's political, diplomatic and military affairs to an unnamed U.S. intelligence agency in exchange for "regular subsidies."

The report did not specify the charges against Mr. Lo. He is the first to be accused of having an illicit U.S. intelligence connection. His conviction coincides with Beijing's rising anger over U.S. arms sales to Taiwan, various trade disputes and the political asylum granted to one of China's leading tennis players.

"It probably reflects views among Chinese leaders that, de-

spite U.S. protestations of friendship, it still looks on China as an enemy," said a Western envoy.

Other foreign analysts who protested Mr. Lo's innocence said he was being used as a symbol of Beijing's crackdown on unauthorized contacts with foreigners.

Mr. Lo, a Communist Party member known in Hong Kong as Lo Fu, headed the New Evening

Post, one of three newspapers in the British colony controlled by the Chinese mainland. As a daily columnist, he was regarded as an influential Communist spokesman whose views were sought by foreign diplomats and China-watchers.

He was recalled to Beijing and placed under house arrest about a year ago.

4 in U.S. Found Guilty of IRA Arms Plot

New York Times Service

NEW YORK — Four men have been convicted in U.S. District Court in Brooklyn of plotting to smuggle guns, explosives and surface-to-air missiles to the Provisional Irish Republican Army in Northern Ireland.

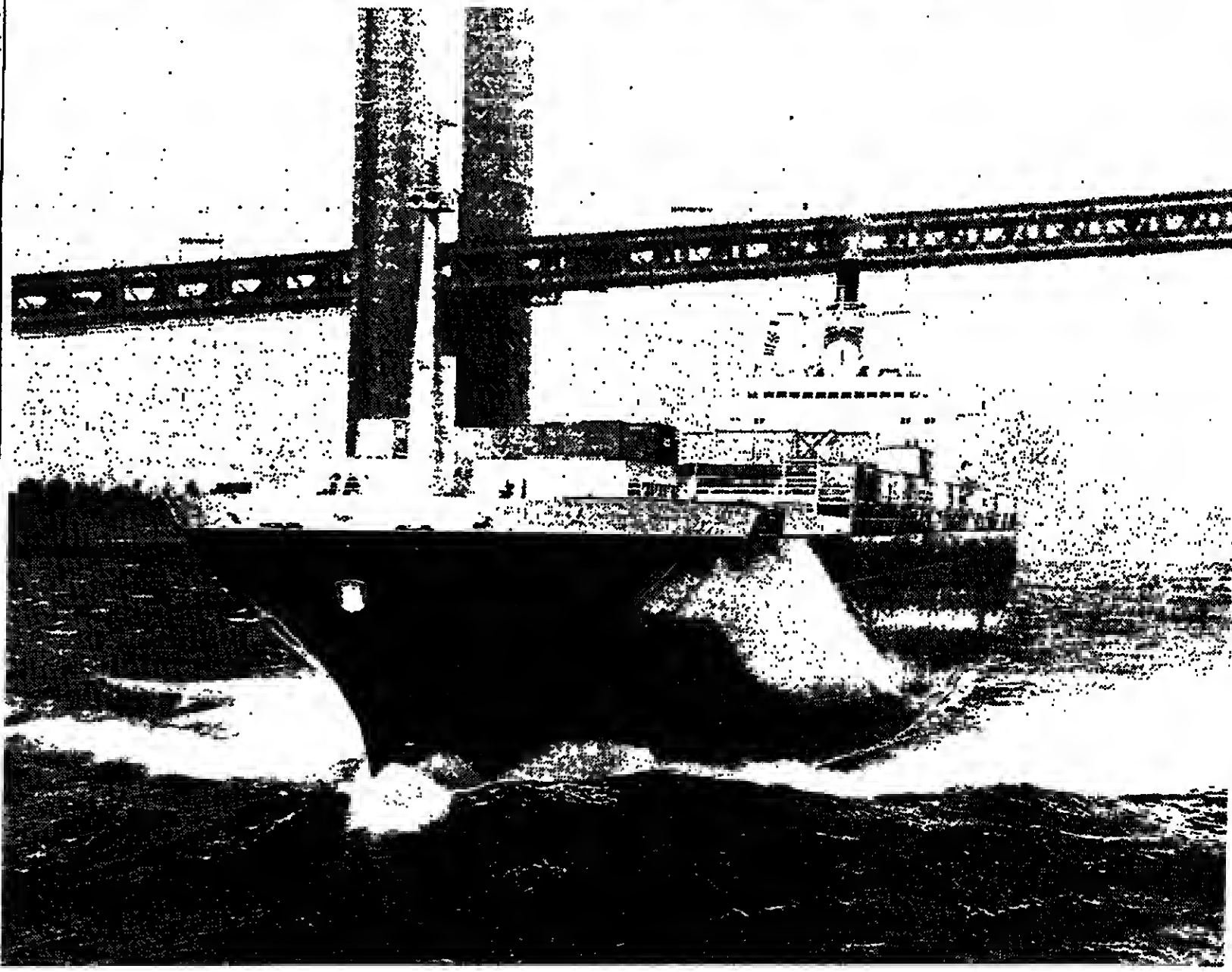
They are Gabriel Megaw, 40, a bartender from Jackson Heights, New York; Andrew Duggan, 49, an engineer of New York, New York; and two brothers from Brooklyn, Eamon Meehan, 34, a

carpenter, and Colum Meehan, 36, a bartender. Mr. Duggan is a U.S. citizen; the others are natives of Northern Ireland living in the United States as aliens.

The defendants had admitted most of the arms-trafficking and conspiracy activities they had been charged with, but had argued they were not guilty because they had been illegally entrapped by a government informant representing himself as an agent of the Central Intelligence Agency. Last fall, in the same courthouse, a similar de-

fense was successfully used by five other men charged with conspiring to smuggle weapons to the IRA.

No missiles were obtained by the defendants, and almost all the other weapons were seized before export from Port Newark, New Jersey, last May. All but Colum Meehan face up to 10 years in prison. He faces up to five years after being acquitted of two of seven counts against him. The case ended Friday, and July 1 was set for sentencing.



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Peace Initiative

Satellites Posing
Liaison Danger

McKissick

MONDAY, MAY 16, 1983

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EUROBONDS

By CARL GEWIRTZ

Firm Uses No-Risk Bait to Lure Investors for Convertible Bond

PARIS — Innovation, a feature of the world's capital markets during the past 18 months, is again in the forefront of the Eurobond market with the launching of the first zero-coupon secured convertible bond.

Electronic Mail Corp. of America is tapping the market for \$20 million. The company is young, founded only in 1980. While its shares, traded over-the-counter, have moved up, its shares or bonds are clearly a risky investment.

The aim of the secured convertible is to remove this risk. In essence, investors are being offered a seven-year option to buy the stock at no risk. In the worst possible scenario they get their money back at the end of the seventh year. In exchange for this guaranteed pay-back, investors are asked to forego any interest income on this option.

Although EMCA hopes to raise \$20 million, the company will initially only receive \$10 million of that. The other \$10 million will go directly to Morgan Guaranty Trust, which, as trustee, will invest that cash in zero-coupon bonds of high quality (double- or triple-A credits) companies selling for no more than 50 percent of nominal value.

There are three such zero Eurobonds outstanding. Beneficial Finance, DuPont and General Motors Acceptance Corp. each have zeros maturing in 1990 and which currently are trading at less than \$500 for each \$1,000 nominally valued security.

The \$10 million invested today by the trustee will be worth \$20 million in 1990 and that \$20 million will be used to redeem whatever portion of the EMCA bonds have not been converted into shares. Thus, the only risk to the initial investor is the DuPont or GMAC credit.

The EMCA bonds, of course, can at any time be converted into shares. There will be no premium set on this conversion. The normal practice is to set a price at which the shares can be bought, that is from 5 to 20 percent above the quote prevailing when the bond is offered. In this case, the price prevailing when the final conditions are set will be the price at which the stock can be purchased during the next seven years.

In return for the security of the pay-back and for the growth potential of the share price, investors will be paid only a token rate of interest if they hold the bonds to final maturity. The bonds are being offered at a modest discount of \$985 for each \$1,000 nominally valued security. Redemption at \$1,000, a gain of \$15, is the equivalent to having earned 0.21 percent interest a year.

Incentive for Company

The beauty of this package is that the company itself has a significant incentive in seeing the price of its stock rise and bondholders convert their securities into shares. If all the bonds are converted, the \$20 million held by the trustee will revert to the issuer. That would mean that EMCA would have sold \$20 million worth of stock for \$30 million in cash.

The authors of this concept are Jean-Francois Kurz, general manager of Banque Guizwiller, Kurz, Bungeur, which is lead manager of the issue, and Michael Palmer of A.E. Capital Corp. of New York.

"This is the first time that investors can buy a stock with a high upside potential in price at no downside risk to themselves," says Mr. Kurz.

The straight bond sector of the Eurobond market, while operating in the shadow of the New York bond market, and the late Friday report of an unexpectedly large rise in the money supply coupled with the stronger than expected industrial production and retail sales figures for

(Continued on Page 9, Col. 1)

U.S. Utility May Face Default

New York Times Service

SEATTLE — The builder of two terminated nuclear-power plant units in Washington State has warned that it was likely to default on \$15.6 million in interest payments due to bondholders of the units.

Only a cash infusion by May 31, which is not expected, would prevent the default, executives of the Washington Public Power Supply System said.

C. Michael Berry, a board member of the troubled authority, said Friday that Chemical Bank of New York, trustee for holders of some \$2.25 billion in revenue bonds issued to pay for the two units, would "almost certainly" issue a notice of default on June 1.

There is "absolutely no chance" of Chemical Bank negotiating the debt, said Carl Halvorson, chairman of the power system's executive committee.

The power system, which undertook the construction of five nuclear plants in Washington several years ago on behalf of 88 utilities that would ultimately buy their output, has since scrapped two of the units — four and five — amid huge cost overruns and projections of declining demand for electric power.

The authority is now entangled in a web of litigation, including suit brought by Chemical, that seeks to determine who is responsible for its debts. If the courts determine that the 88 sponsoring utilities are liable, they are expected to resume payment and the default situation will be lifted, Mr. Halvorson said.

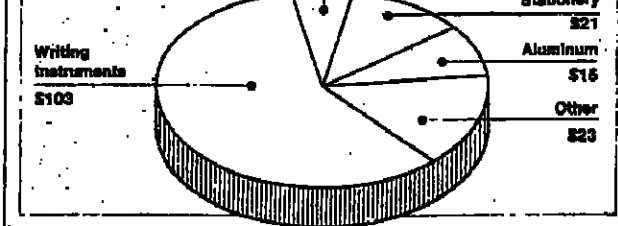
The utilities sponsoring the two canceled units have deposited some \$30 million in a court-administered escrow account. But it is unlikely that the court will decide by May 31 whether the power system can gain access to the funds.

The executive board Friday directed Donald Mazzur, whom it named managing director, to set aside on May 31 some \$24.7 million in a fund to pay for future administrative expenses. Mr. Halvorson said the authority needed the money for its defense because "we cannot stand barefoot among the baronies."

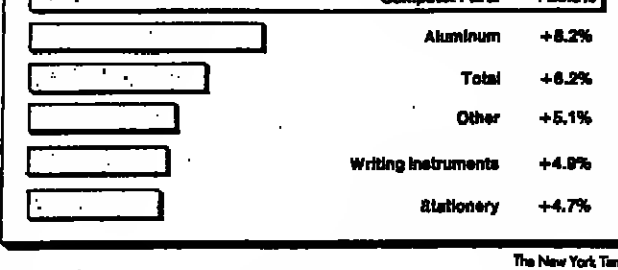
The issue of future financing for units 1, 2 and 3 has been clouded because Standard & Poor's Corp. (Continued on Page 9, Col. 2)

Pilot Pen Turns Toward Computers

Lines of Business... 1982 sales by division, in millions of dollars (translated at \$37 yen per dollar)



... and Their Growth Rates
Change in revenues from 1981, total return to total sales growth



The New York Times

Pilot Pen Is Seeking Growth in New Fields

By Steve Lohr
New York Times Service

TOKYO — For Pilot Pen Co., Japan's largest pen maker, such lines of business as computer software, building materials and office automation seem far afield indeed.

But faced with a saturated domestic market for its writing instruments, Pilot Pen is moving into these areas in its search for corporate growth. In addition, the 40.4-billion-yen-a-year company (\$174-million) plans to increase its ratio of exports to 40 percent of sales during the next several years, up from the present 25 percent.

The United States is the most important part of Pilot's export drive. Last year, the Japanese company's sales in the United States totaled \$31 million, compared with \$2 million in 1975. This August, the U.S. subsidiary is planning to move into a new headquarters building in Trumbull, Connecticut.

At first, pen sales will carry Pilot's hopes for raising exports. But here, too, new product development will be the key. One example is its best-selling product in the United States: the so-called razor point pen, a plastic-tipped marker that makes an extra-fine line and costs 89 cents.

Pilot's strategy involves risk, as it tests unfamiliar fields that are subject to sudden shifts because of fast-changing technology. Yet, because growth in its traditional business has dwindled, the company has been forced to look elsewhere. Last year, the overall sales in Japan of writing instruments — pens, markers, mechanical and wood pencils — fell slightly, to \$506 million.

"We want to make the new products main products of the company," said Katsuro Yamamura, Pilot's 68-year-old president. "Otherwise, we might not survive."

Pilot Pen's dilemma also confronts many small- and medium-sized companies in Japan, now that Japan's economic growth has slowed. "There are a lot of smaller companies in stagnant industries, like Pilot, that are trying to go into new high-growth fields," said Peter G. Wolff, an analyst for Bache Halsey Stuart Shields in Tokyo. "But it will be tricky for them."

Small companies, Mr. Wolff notes, generally have a narrower base of technology from which to diversify than large corporations, as well as less financial staying power. "One significant change in technology in a

(Continued on Page 13, Col. 5)

Report urges U.S. Push to Increase Its Exports

The Associated Press

WASHINGTON — Seventy-eight U.S. business and academic leaders, warning that foreign competition is undermining U.S. "social and economic well-being," appealed to President Ronald Reagan on Sunday to lead a drive to revitalize U.S. industry and spur exports.

The leaders, who said they plan to meet with the president May 26, recommended a variety of remedies, including cutting governmental red tape, granting more tax incentives to businesses and mobilizing public opinion.

"The central objective of domestic policy for the remainder of the decade must be to improve the ability of American industry and American workers to compete on an international scale," the Business-Higher Education Forum declared.

The group made its statements in a report, "America's Competitive Challenge: The Need for a National Response," that was prepared at the request of Dr. George A. Keyworth, Mr. Reagan's science adviser.

"Our society must develop a consensus that industrial competitiveness on a global scale is crucial to our social and economic well-being," the leaders said.

"Unless we rebuild the American economy and strengthen our educational system, it will be increasingly difficult — if not impossible — to maintain a just society, a high standard of living for all Americans and a strong national defense," the leaders said in the report.

The panel includes top executives from firms such as AT&T, General Electric, and the Ford Motor Co., as well as the presidents of Harvard, Notre Dame and other major universities.

It said the causes of U.S. industrial malaise are "deep-rooted" and immune to the "quick fixes" suggested in the past.

The report called for a national displaced workers program to provide education or training benefits along the lines of the G.I. Bill. They said this "could be self-financed by a third trust fund in the unemployment insurance system," supported by workers, employers and the federal government.

The forum also suggested lending workers set up tax-free accounts, like Individual Retirement Accounts, to save for their own retraining.

They cautioned against erecting trade barriers, saying "a tariff inward will be self-defeating in the long run. Our mandate must not be to punish or retard the competitive gains made by other nations but to do a better job of competing ourselves."

They said Americans must realize that international trade accounts for more than 25 percent of the Gross National Product, compared to less than 10 percent in 1960.

Mr. Reagan has criticized calls in Congress for trade protectionism and recently endorsed a plan to create a new Department of Trade to streamline export promotion and trade policy.

The report said the Reagan administration has taken some positive steps, but "more must be done."

French-Iraqi Pact On Debt Reported

United Press International

PARIS — France has agreed to take Iraqi oil as partial payment for Iraqi debts incurred primarily from buying French military weapons for its war with Iran, Iraqi diplomatic sources said.

French officials refused to comment Friday on the negotiations underway since last Monday between Foreign Minister Tarek Aziz of Iraq and French leaders on the money that Iraq owes France.

No information was available as to how much oil France would receive as part payment for Iraq's debt, which to date is about 13 billion francs (about \$1.76 billion). French government officials earlier last week had indicated that France could accept some payment in oil but must respect the constraints that it has signed with other oil suppliers.

Mr. Aziz said in an interview with the Paris newspaper Le Monde Friday that he hoped that France would take 2.5 million to 3.5 million tons (about 17.5 million to 24.5 million barrels) of oil. He said this would sop up 90 percent of the debt, which could be wiped out in 1984. He also suggested 40 percent of the debt could be paid in 1983.

France has not purchased any Iraqi oil since late 1982. Mr. Aziz said Iraq already has "made arrangements" with other creditors — West German, Japanese and British firms — and would "favor, when the situation returns to prosperity, those who accepted to cooperate in difficult moments."

Negotiations began five months ago on Iraq's difficulties paying France for the weapons and for various French aid projects underway in Iraq.

Iraq has bought from France during the last three years some \$7 billion worth of arms, largely to continue its war with Iran. The Iraqis need funds to carry on the battle and have been trying to borrow from various Middle East countries, according to published reports.

France is the second largest military supplier to Iraq, after the Soviet Union, and the No. 3 furnisher of civilian goods.

Rates Jump After U.S. Money Report

By Michael Quint
New York Times Service

NEW YORK — Interest rates rose sharply late Friday after the Federal Reserve Board announced a much-larger-than-expected \$4.2-billion increase in the narrow money supply.

Traders and economists concluded that the big increase in M-1, which comprises cash and money in checking accounts and is thus a key measure of funds immediately available for spending, would lead the Fed to hold monetary policy stable, rather than encourage lower interest rates, as some had expected.

U.S. CREDIT MARKETS

In late trading, rates on Treasury bills rose about one-tenth of a percentage point, while bond prices fell more than half a point. The intraday price changes were among the largest seen in recent weeks.

"The M-1 growth is troublesome," commented Cengiz Israili, a money-market economist at Morgan Guaranty Trust Co. M-1 has grown at a 13.5 percent rate in the first half year, far faster than the Fed's 4-to-8-percent growth objective for 1983. Even though M-1 had declined by \$12 billion in April — the first monthly decline since October 1981 — the \$4.2-billion increase in the latest week left it nearly \$9 billion above the level consistent with an 8 percent growth rate.

Because of the rapid M-1 growth, "the Fed's policy will probably stay unchanged until the May 24 meeting of the FOMC," Mr. Israili concluded. The FOMC, or Federal Open Market Committee, is a group of Federal Reserve officials who meet 10 times a year to assess monetary policy.

"An easing in Fed monetary policy is out of the question now," said Elliott Platt, an economist at Donaldson, Lufkin & Jenrette Securities Corp. He said that the Fed's goal in money growth during April, the economic recovery appears "strong and" "the Fed has got to keep its policy stable to prevent the recovery from bringing more inflation."

As was expected, the \$2,071.7-billion level for M-2 in the month of April was below the level consistent with the Fed's 1983 growth target of 7 to 10 percent. April was the first month in which M-2 could be compared with its growth target, which is based on the M-2 average for February and March.

Analysts noted that the small \$5.4-billion increase in M-2 was not alarming, or a sign of tight monetary policy, because it followed several months of very large increases. The rapid growth of Industrial Retirement Accounts before the April 15 tax deadline also contributed to slow growth for the month, they said.

The M-2 money measure is defined as M-1, plus small savings deposits, money-market deposit accounts and most of the money-market mutual funds, but not individual Retirement Accounts. Including the merger 3.1 percent growth rate for April, M-2 grew at a 12.7 percent annual rate from January through April.

Many economists and Fed watchers said that the M-1 money-supply measure may be increasing in importance as a target for monetary policy, even if it is not the Fed's primary guide. They said that the Fed can no longer easily brush aside the growth of M-1 as a technical matter caused by shifts in the kinds of bank deposits preferred by the public.

Although prices retreated late Friday, securities dealers noted that investors have absorbed very large amounts of corporate and Treasury securities in the past two weeks.

Recent inflation data — such as the tenth of a percent decline in producer prices for April, has been lower than expected, and encouraged many investors to buy notes and bonds. However, the fear that inflation could pick up is so strong that yields of 10 percent and higher are required for Treasury issues due in more than five years.

U.S. Consumer Rates

For Week Ended May 13

Passbook Savings	5.50%
4-Month Savings Certificates	8.65%
Tax-Exempt Bonds	8.86%
Best Buy 20-Year Bonds	9.17%
Money Market Funds	7.90%
Danaher's 7-Day Average	9.13%
Bank Money Market Accounts	8.13%
Bank Rate Monitor Index	8.13%
Home Mortgage	13.13%
FHLB Average	13.13%

monetary policy, because it followed several months of very large increases. The rapid growth of Industrial Retirement Accounts before the April 15 tax deadline also contributed to slow growth for the month, they said.

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'Golden Parachute' Curb Asked

By Kenneth B. Noble
New York Times Service

NEW YORK — A special panel named by the Securities and Exchange Commission has recommended that stockholders be consulted when a company makes provisions for lucrative severance payments, or "golden parachutes," for its executives.

The panel also recommended a rule that would prevent anyone from buying more than 15 percent of a company's stock, unless the additional stock was bought directly from the company or through a public tender offer, or from some

one that had held it for more than two years.

The idea, the panel said, would be to insure that after a partial takeover, the remaining stockholders receive a good price for their stock. Some critics contend that it is inequitable that a buyer in the open market can gain control of a company without making a tender offer to all shareholders.

The recommendations were part of the panel's 33-page report that was released Saturday.

The 18-member panel, composed mostly of Wall Street merger specialists, corporate executives and lawyers, was chartered by the SEC earlier this year in recommend changes in federal takeover regulations, in part to deal with complaints that existing rules favor large stockholders and make it difficult for small investors to profit from acquisition battles.

On another issue, the panel recommended allowing shareholders an advisory vote on anti-takeover provisions in corporate charters and bylaws. The panel noted that an increasing number of corporate boards had enacted so-called supermajority clauses, without consulting shareholders. These clauses are a defense tactic against takeovers because they require a vote of more than 50 percent of shareholders to approve a merger.

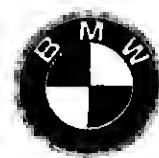
The panel also said that the current 20-business-days minimum period that a tender offer must remain open should be lengthened to a minimum of 30 calendar days.

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U.S. \$50,000,000

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May 3, 1983

All of these securities have been sold. This announcement appears as a matter of record only.

CURRENCY RATES

Interbank exchange rates for May 13, excluding bank service charges.

	\$	£	D.M.	F.P.	Y.P.	G.M.	N.P.	S.P.	D.K.
Amsterdam	2.7555	4.314	112.58	37.44	8.1091	5.08	135.75	31.82	
Brussels (a)	2.4475	2.8205	—	32.20	1.678	86.78	5.01	128.44	28.08
Frankfurt	1.567	—	3.2825	11.2885	2.2842	4.289	76.445	2.17	15.258
London (a)	1.6570	2.8205	—	—	89.17	92.842	71.9	167.22	—
Paris	1.3670	1.58	—	0.1388	0.849	1.3634	0.0205	0.0724	0.1148
New York	7.32	11.541	30.81	—	5.025	26.45	15.085	34.338	84.60
Zurich	2.282	3.147	22.845	7.5	0.1391	74.58	4.1448	28.55	—
100	0.9254	0.9985	2.508	6.804	1.5125	25.65	4.1448	1.75	8.05
1000	1.0848	0.9945	2.5077	7.799	1.58344	2.91	N.A.	2.2037	9.4881

Source: Reuters

100 = 100 U.S. dollars

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MEXICO TELEX 017 71 786 SINGAPORE TELEX 28491 SPAIN TELEX 46934 SWEDEN & NORWAY TELEX 15050 SWITZERLAND TELEX 812188 U.K. TELEX 885361 U.S.A. TELEX 233563 USSR TELEX 413258 W. GERMANY TELEX 416500

NEW EUROBOND ISSUES

Borrower	Amount (millions)	Maturity	Coupon %	Price	Yield At Offer	Terms
Asian Development Bank	DM 100	1993	8 1/4	100	8 1/4	Private placement.
Cia Telef. Nac. Espana	DM 100	1993	8 1/4	100	8 1/4	First callable at 101 1/4 in 1989.
S. African Transport Services	DM 100	1990	8 1/4	open	—	Terms to be set May 20.
Banque Nationale de Paris	cf 60	1993	12	100	12	Noncallable.

Firm Uses No-Risk Bait for Convertible Bond

(Continued from Page 7)

April soured hopes of an imminent reduction in the discount rate. Short-term interest rates, hardened on the news. The cost of overnight money in New York rose 1/4 point to 8 1/2 percent and prices on fixed-rate securities eased slightly. While this eases any prospect of a rally in the Eurobond market this week, it is not a serious threat to the market as dealers are able to borrow money at a full point or more below the rate of interest. Fixed-coupon bonds yield.

With this kind of positive yield curve, dealers have every incentive to build their inventory of bonds because few believe that interest rates will rise sharply and the logic of the economic situation says at some point soon the rates must decline.

The major problem with the issues on offer is the continuing high number of bank deals. Investors are full of bank paper and although the warrants that now accompany most such deals — to buy other fixed-rate bonds or shares of the parent bank — have given the market a second wind even that supply is now running short.

It is clear, however, that investors

China Plans Hotel

PEKING — China will build a 600-room hotel with a U.S. company in the tourist city of Xian, the official news agency said Saturday.

tors want high-coupon bonds. This certainly explains how South Africa's Electricity Supply Commission is able to make its first public Eurobond offering in seven years. It is offering \$75 million of five-year notes bearing a coupon of 11 1/2 percent and priced at 99 1/4 to yield 11.64 percent. Until now, South Africa has been forced to use the private-placement market to raise cash since few institutions wanted to be seen leading a deal for the country.

Likewise, there is demand for Canadian dollar paper, as the

coupon offered by Banque Nationale de Paris to raise \$60 million is a hefty 12 percent. The market for ECU, which incorporates much of the safety of the Deutsche mark and guilder but also reflects the high interest rates of the French franc, is also attractive, with new issues yielding 11 1/2 percent.

The Deutsche-mark sector of the bond market, however, remains rather quiet, with foreign investors reluctant to buy because of the mark's poor performance on the foreign-exchange market. In addition, Spain's Telefonica and South

African Transport Services are not names likely to excite investors with coupons of 8 1/4 percent when the Asian Development Bank is in the market offering identical terms. This week Renault will tap the market for 150 million DM and Audi-NSU Union, a VW subsidiary, will make a private placement of 150 million DM. An Italian highway agency and Air Canada will complete the current list of scheduled offerings and bankers will meet May 20 to establish the calendar for the coming month.

International Herald Tribune

U.S. Utility May Default on Bonds

(Continued from Page 7)

on Friday suspended the AA-ratings of outstanding bonds used to construct the units. Earlier last week, Moody's Investor's Service cut its rating on these projects to Baa from A-1 — a three-notch cut. The action throws into jeopardy the future of Unit 1, which has been mothballed for one year, and Unit 3, which still needs \$963 million in construction funding. Unit 2 should be commercially operable in February, 1984.

The Bonneville Power Administration, a federal agency, has guaranteed the bond financing for these units and has said it will pay the last \$150 million needed for con-

structing Unit 2 if the Washington system is unable to raise this money on the bond market.

The Standard & Poor's action reflects the concern that WPPSS will be unable to resist pressure to file for protection from its creditors under Chapter 11 of federal bankruptcy laws. Such a filing would result in payment default on all of the system's outstanding bonds, which total \$98.4 billion.

The downgrading also places additional pressure on Washington State legislators, who are considering a bill to forestall a WPPSS bankruptcy. On Thursday, a similar measure was defeated and it is not known whether the current bill

will pass before the legislature's current session ends.

Peter Johnson, administrator of the Bonneville Authority, Friday pressed the WPPSS executive board with a May 27 deadline for determining how Units 1, 2 and 3 will be financed. Bonneville, a federal agency which markets 50 percent of the power consumed in the Northwest, has guaranteed the bonds on Units 1 and 2 and 70 percent of the financing on Unit 3.

But Mr. Johnson said that Bonneville "no longer can continue to incur liability for construction bonds on Unit 3 in the absence of responsible prospects of prudent financing."

Borrowers Face Higher Loan Margins

By Carl Gewirtz

International Herald Tribune

PARIS — Despite the worries about the international debt situation and the marked slowdown in the willingness of banks to provide medium-term finance to developing countries, lenders remain reasonably active and quite sizable transactions continue to be syndicated.

The prescription for a successful loan, says one banker, "is more flexibility and better terms."

This is clearly evident in both Europe and in the Far East, where lending margins had been pegged to what many bankers were calling "insane" lows. Bankers now talk about the need to use margins to differentiate more clearly the credit standing of borrowers.

Thus, the Philippines, which many now regard as one of the weaker Asian credits, is paying a quarter percentage point more to borrow than before. The Development Bank of the Philippines is currently seeking \$100 million for eight years.

It is paying 1 1/4 points over the London interbank rate, compared to the 1/2 percent previously, or 1/4 point over the prime rate compared to half a point. In addition, there is a "cap" of 170 basis points (100 equals one percentage point), up from 160 earlier. This is the amount by which the prime rate cost must exceed the rate of 90-day certificates of deposit before the cheaper CD rate is substituted for the prime rate.

Similarly, South Korea's Export-Import Bank, seeking \$300 million for eight years, is paying a split 3/4-point over Libor, compared to the previous margin of 1/2 point. Lenders also have the option to price the loan at a quarter-point over the prime rate, up from 20 basis points earlier, with the cap set at 140 basis points, up from 130.

In both cases, lenders are given the unlimited option of pegging as much of the loans as they want over the more expensive prime rate. This is a first for Asian borrowers, who up to now have always limited such options.

Nevertheless, the South Koreans hope to keep the deal with only half the amount tied to prime and the Philippines are aiming at having more than 70 percent based on the prime rate.

By contrast, the Malaysian government-owned Malaysian International Shipping Co. is seeking \$100 million for eight years and is offering to pay only half a point over Libor. No prime option is offered to lenders.

The Libor pricing does reflect some hardening as the company previously paid a split 3/4-point over Libor. But the much lower pricing than South Korea or the Philippines reflects the much higher credit standing of Malaysia compared to its neighbors.

The Bank of Thailand is said to be seeking bids on terms for a \$200-million, eight-year loan and is expected to pay 1/2-point over Libor for eight years.

Pakistan, which last year paid a split 1/2-point over Libor for a three-year loan, is reported to be seeking terms for a loan of \$225 million. It is likely to market \$90 million as a two-year loan, \$75 million as a three-year loan and \$60

million as a four-year deal. Depending on the actual breakdown of amounts, bankers suggest that Pakistan would have to pay margins of 3/4, 1/2 and 1 percent, respectively.

Although Pakistan is considered

SYNDICATED LOANS

to be one of the more risky credits in Asia, this year's borrowing is now expected to only total \$225 million, down \$150 million from last year's total, and bankers say this should facilitate marketing the loan.

In Europe, Spain is also paying more than previously to attract lenders. To mitigate the increase in margins, Spain has opted for a slightly shorter maturity. Thus, its \$600-million loan is divided equally into eight- and five-year slices.

Interest on the eight-year portion is set at 1/2 point over Libor or a quarter-point over the prime rate

with a cap of 125 basis points over the CD rate.

Interest on the five-year portion is set at 1/2 point over Libor for the first two years and 3/4 point for the rest. Alternatively, lenders will be paid 20 basis points over the prime with a cap of 125 basis points over the CD rate.

By contrast, the margin that Spain paid last year started with an element of 1/2 point over Libor and the margin over the prime rate was a thin 15 basis points.

While some bankers believe that Spain could have eked out slightly more favorable terms, they say the government opted to put the emphasis on a successful, wide syndication rather than risking a difficult syndication for only very modest savings in cost.

Portugal, however, miscalculated how much its credit standing has slipped. It is paying 1/2 point over Libor, up from the previous split 1/4-1/4-point margin paid for eight-

year money, but its \$300-million, seven-year loan is moving slowly in syndication. Lenders also have the option to use the prime rate as a base, with a margin of 45 basis points, up from 37.5 previously. Due to the slow response from the market, syndication of this loan, which was scheduled to end this week, may be extended for one week.

Denmark, which took \$1.3 billion out of the market early this year, is currently looking for another \$200 million. This reportedly will be structured as a note facility to be laid off to regional U.S. banks as a short-term instrument — a revolving loan for the first three years and a term loan for the final four years.

Lenders will earn five basis points over the prime rate while the banks managing the operation will earn an annual underwriting fee of some 20 basis points.

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New Issue / May, 1983

U.S. \$100,000,000

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SOCIETE GENERALE

SWISS BANK CORPORATION INTERNATIONAL LIMITED

UNION BANK OF SWITZERLAND (SECURITIES)

WOOD GUNDT LIMITED

May 9, 1983

International Bond Prices - Week of May 11

Provided by White Weld Securities, London, Tel.: 623 1277; a Division of Financiers Credit Suisse - First Boston

RECENT ISSUES

Am	Security	Yield	Price	Life	Cur
100	11 1/2% 1983 May	11.25	100.00	11.25	11.25
100	11 1/2% 1983 May	11.25	100.00	11.25	11.25
100	11 1/2% 1983 May	11.25	100.00	11.25	11.25
100	11 1/2% 1983 May	11.25	100.00	11.25	11.25
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100	11 1/2% 1983 May	11.25	100.00	11.25	11.25
100	11 1/2% 1983 May	11.25	100.00	11.25	11.25
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100	11 1/2% 1983 May	11.25	100.00	11.25	11.25
100	11 1/2% 1983 May	11.25	100.00	11.25	11.25

STRAIGHT BONDS

All Currencies Except DM

Am	Security	Yield	Price	Life	Cur
100	11 1/2% 1983 May	11.25	100.00	11.25	11.25
100	11 1/2% 1983 May	11.25	100.00	11.25	11.25
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100	11 1/2% 1983 May	11.25	100.00	11.25	11.25
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100	11 1/2% 1983 May	11.25	100.00	11.25	11.25
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Am	Security	Yield	Price	Life	Cur
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100	11 1/2% 1983 May	11.25	100.00	11.25	11.25

Am	Security	Yield	Price	Life	Cur
100	11 1/2% 1983 May	11.25	100.00	11.25	11.25
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Am	Security	Yield	Price	Life	Cur
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Am	Security	Yield	Price	Life	Cur
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100	11 1/2% 1983 May	11.25	100.00	11.25	11.25
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100	11 1/2% 1983 May	11.25	100.00	11.25	11.25
100	11 1/2% 1983 May	11.25	100.00	11.25	11.25

HIGHEST YIELDS to Average Life Below 5 Years

Am	Security	Yield	Price	Life	Cur
100	11 1/2% 1983 May	11.25	100.00	11.25	11.25
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100	11 1/2% 1983 May	11.25	100.00	11.25	11.25

HIGHEST CURRENT YIELDS

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100	11 1/2% 1983 May	11.25	100.00	11.25	11.25

(Continued on Page 11)

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SPORTS

Islanders Nearing Sweep

Oilers, 5-1 Losers, Face 3-Game Deficit

By Kevin Dupont
New York Times Service

UNIONDALE, New York — The New York Islanders played for 40 minutes Saturday night the way they had played for many of the 80 games of the regular season: They charged, spluttered and stalled.

But this time they avoided a crash, backed by the 35 saves of their goalie, Billy Smith.

Bob Bourne and Ken Morrow scored goals in a 70-second span early in the third period, pacing the Islanders to a 5-1 victory over the Edmonton Oilers and a 3-0 lead in the Stanley Cup final playoff series.

Sixty minutes of hockey now separate the Islanders from their fourth consecutive National Hockey League championship. They could wrap up the series in Game 4 Tuesday night at Nassau Coliseum.

"No. 1, you've got to look at Smith," said Bourne, whose goal at 11:11 of the final period broke a 1-1 deadlock. "The saves he's making now — well, he wasn't making them during the regular season."

Many of Smith's teammates, however, were playing with the inconsistency that made New York only the sixth-best team in the league during the regular season. The Oilers, who this year scored more goals (424) than any team in NHL history, rolled up a 26-15 shot advantage in the first two periods.

"We were sluggish in those first two periods," said Al Arbour, the Islanders coach. "It was like we had snowshoes on or something."

It seemed as if Smith, however, had brought brick and mortar to his position. Only one of Edmonton's shots in the first two periods beat him, Jari Kurri, pulling the Oilers into a 1-1 tie at 1:05 of the second period. The Islanders were fortunate to take a 1-0 lead out of the first period on Anders Kallur's goal at 19:41.

Smith made a handful of good saves in the second half of the first period when New York's attack fell dormant. He even had Wayne Gretzky, the Edmonton superstar, shaking his head when he picked up the center's screaming slapshot out of the air at 14:23. Smith then made 14 stops in the second period, allowing only Kurri's goal.

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while the Islanders managed only five shots on Andy Moog, the Edmonton goalie.

"Billy Smith is all the difference," said Coach Glen Sather of Edmonton. "There's no question he's a great goalie."

Smith, the center of controversy in the first two games at Edmonton because of his closing Oiler players in the three games, Edmonton is a team that averaged more than five goals a game in the regular season and more than six goals a game in the first three rounds of the playoffs.

This time Smith spent a noncontroversial night in net, not slashing

any Oilers and not being speared by his opponents.

"The more they talk about running me," said Smith, who was speared by Dave Lumley with 36 seconds to go in Game 2, "the harder I play. The more they talk, the harder I get. They've done a lot of things in this series that have gotten people mad — including me."

On the whole, however, the Oilers have produced little but words. Their better moments of offense have been thwarted by Smith. And Gretzky, whose longest stretch without a goal during the regular season was four games, has scored a goal in the series. He has assisted on three goals.

The Islanders, lucky to have a chance to win after 40 minutes, went out in the third period and took full advantage of the situation.

"They outplayed us in the second," said Mike Bossy, who set up Kallur's goal in the first period with a brilliant defensive move in his end before streaking out on a 2-on-1 break with Kallur. "I think it helped us realize that we had to get our act together."

Dave Langevin, the Islander defenseman who sat out nearly a month with a bad knee, got it going for the Islanders about five minutes into the final period. After handing out a couple of crossing checks, Langevin pushed a pass to Stefan Persson at the right point. Bourne then knocked down Per-

son's shot at the left post and tapped it in for a 2-1 lead at 5:11.

Morrow, now with two goals and two assists in the series — a point more than Gretzky — connected on a 50-foot wrist shot 1:10 later.

"Sweep! Sweep! Sweep!" the sell-out crowd of 15,317 boomed through the Nassau Coliseum.

Bourne's line was on the ice for the final two goals, the 12th and 13th of the series for New York. Duane Sutter, whose forechecking turned around Game 2 for the Islanders, scored his ninth goal of the playoffs with 3:17 to play. His brother Brent then drove in his 10th of the playoffs with 18 seconds to go.

"The only thing that's concerning us now is the fourth game," said Bunch Goring, the Islander center who with Bryan Trotter has helped contain Gretzky. "We're not thinking of sweep. We realize we have to win one more game — whenever and wherever it is."

"It's like playing a round of golf. The good player never counts his score until the end of the round."

Oilers Honored

Wayne Gretzky was awarded the player-of-the-year trophy and his Edmonton teammate, defenseman Charlie Huddy, received the Emory Edge Award Sunday at the National Hockey League's Stanley Cup luncheon, the Associated Press reported from Uniondale, New York.

Gretzky, who has won the Hart Trophy as the league's most valuable player each of the past three years, collected the most points in NHL play-off-of-the-week and player-of-the-month selections for the 1982-83 season.

Huddy led the NHL in plus/minus statistics to earn the Emory Edge award. Plus/minus ratings are compiled according to how many goals are scored when a player is at even strength and a particular player is on the ice. Huddy had a plus-62 rating.

Orval Tessier of the Chicago Black Hawks received the Jack Adams Trophy as coach of the year and right wing Lanny McDonald of the Calgary Flames was given the Phil Masterton Trophy as the player who displayed the qualities of sportsmanship, dedication and perseverance.

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With a little help from defenseman Denis Potvin, New York goaltender Billy Smith stopped Edmonton's Pat Hughes on this first-period scoring attempt in Game 3 Saturday.

76ers Go 3-Up; Lakers Win, 113-100

Compiled by Our Staff From Dispatches
MILWAUKEE — Julius Erving scored 26 points, Moses Malone had 25 and Maurice Cheeks added 16 as the Philadelphia 76ers defeated the Milwaukee Bucks, 104-96, here Saturday to take a 3-0 lead in their best-of-seven National Basketball Association Eastern Conference final.

In San Antonio, Texas, Jamaal Wilkes had 26 points and Kareem Abdul-Jabbar 25 to lead the Los Angeles Lakers to a 113-100 triumph over the Spurs on Friday.

The Lakers have a 2-1 lead in the Western Conference final.

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The contest in Milwaukee was tied, 88-88, after Junior Bridgeman hit a long jump shot. But Erving and Bobby Jones hit consecutive baskets to give the 76ers a 92-88 lead.

Milwaukee's Ben Winters cut

the score to 92-90, but Malone rolled into the middle to make a basket and a draw a foul. His three-point play with 2:50 left put the 76ers up, 95-90.

The Bucks never got that close again.

Milwaukee scored the first six points of the fourth quarter to take

a 78-71 lead, but Cheeks scored seven straight points in the next minute and a half to tie the score.

Los Angeles won with a relentless running game that led to nine third-period lay-ups off the fast break.

Trailing at the half, 53-52, the Lakers jumped to a 58-53 lead as Wilkes hit two baskets.

The Lakers outscored the Spurs, 34-19, in the third quarter as Wilkes, often on the receiving end of passes from Ervin Johnson, rolled to his biggest scoring night thus far in the series.

The Spurs were led by Mike Mitchell's 23 points, but every time they rallied late in the third quarter and throughout the fourth, Abdul-Jabbar hit a skyhook or Johnson and Wilkes teamed for another break.

The Spurs fell behind by as many as 16 points in the final period and never got closer than eight.

Reserve guard Mike Dunleavy came off the bench to hit two quick three-point goals at the 10-minute mark of the final period, and then, with baskets by the Edgar Jones and Gervin, San Antonio came back to within 94-86.

Nixon chipped in 21 points for the Lakers and Johnson had 15.

The Bucks led throughout the first quarter, a period in which neither team shot well.

Milwaukee took a 9-1 lead behind the scoring of Bob Lanier, who had five points in the streak.

Erving helped bring the 76ers back to 11-9, but the Bucks, with Bridgeman doing the bulk of the scoring, shot to their biggest lead of the half at 21-10 with 4:20 remaining in the quarter.

The 76ers closed to within a point at 30-29 early in the second quarter. But Bridgeman, who had 16 points in the first half, helped the Bucks push ahead to a 36-31 lead.

Philadelphia took its first lead in the game when Jones hit an 18-foot jump shot to put his team ahead, 40-38, with 4:02 left in the half.

The score remained close for the rest of the quarter, and after Bridgeman hit a late jump shot, the half ended with the Bucks ahead, 48-45.

Bridgeman led the Bucks with 24 points. Moncrief added 19 and Lanier had 16.

Lakers 113, Spurs 100

In San Antonio, Abdul-Jabbar dominated the matchup of 7-foot-2 centers by holding Aris Gilmore

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LANGUAGE

An Arguable Case

By William Safire

WASHINGTON — William Safire has written a book, "Writing with a Word Processor," which argues that the most helpful and humane treatment of the subject and is surely the most stylish book produced so far on that intimidating machine. I put it that way because, in recent correspondence, he added a postscript: "By the way, what the hell does 'arguable' mean?"

He is not the first to inquire. "Have you missed the 'arguable' case?" asks Andrew Vigliani, editor of The San Juan Star. He blames sports writers who use the word as a substitute for perhaps; unhappy with "He is, perhaps, the greatest right-hander since the Big Train," sportswriters have taken to "He is, arguably, the undisputed champ of all time."

Paula Diamond of New York smacks her hand against a Peugeot advertisement, which reads: "Arguably the most comfortable car in existence today." She says, "My dictionary defines 'arguable' as 'open to doubt or dispute, not certain.' Is Peugeot's use of 'arguable'?"

As an adjective, 'arguable' means debatable, and has long carried a negative connotation; when you say, "That's arguable," you mean: "I'm not buying that line of guff."

However, as an adverb, 'arguably' has had a long line of positive precedents. When we say, "arguably the sexiest legs," we mean: "Reasonable people could persuasively put forward the proposition that those legs are capable of driving most men wild."

My hunch is that the adverb 'arguably' was crossed in its etymology with some legal usage, perhaps derived from the Latin, *arguere*, which means "to argue."

There is no blinking away the fact that the positive way the sportswriters and copywriters are today using 'arguably' is the way the word has been used from the start.

So to bell with consistency, brother Zinsner, The adjective 'arguable' is negative ("I told Orville, I told Wilbur, and I'm telling you — it's arguable whether that thing will ever get off the ground"). The adverb 'arguably' is positive ("The smile on that flight attendant is arguably the only reason people will take the middle seat between two faties on the shuttle").

I don't know of any other adjective-to-adverb switch of meaning. Jacques Barzun, the great ussagist, disapproves of the use of 'arguably' in a positive sense, and suggests that advertisers only add an element of disbelief when using it in their copy, but I think we have tripped over a quirk in the language.

Instead of wrangling, let us study the adverb's development. The first use in the supplement to the Oxford English Dictionary is from an 1890 Saturday Review: "His policy, if sometimes arguably mistaken..." A 1920 citation is about how a zeal for moral righteousness "is arguably more purely Jewish in its origin," and in 1959 The Times of London was describing Mozart's Sinfonia Concertante for violin and viola as "arguably the greatest of his concertos." In the Barnhart files, a 1960 Harper's use is "Since the world is absolutely stiff with arguably uglier objects..."

In all these cases, the adverb is certainly not saying "not bloody likely"; on the contrary, the meaning is the positive "a good case can be made for." The Oxford people straddle the issue by defining the word with both positive and negative elements: "As may be shown by argument (that's positive — the connotation is persuasive) or made a matter of argument (that's negative — the connotation is debatable)." Lexicographer Bob Burchfield was playing it safe; he should put more trust in his citations.

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New York Times Service

By Carol Krucoff

Washington Post Service

WASHINGTON — Ann Reinking swayed, spaghetti-like in the center of a tightly hunched, squiggling mass of dancers — the Queen Worm surrounded by devout followers.

Reinking, the high-kicking, tip-twitching star of "All That Jazz," was teaching two master classes here in between filming a TV special and preparing for a one-woman show at Carnegie Hall in October. "I enjoy teaching classes like this one to fill in the gaps," she said.

"I learn from teaching. Having to break things down and explain them makes me a better dancer."

When Reinking urged the morning class of professional-level dancers to "just be a can of worms," the room became Snake City. The dancers flailed arms, gyrated bodies and wriggled hips, mimicking their teacher's seemingly jointless movements.

Finally, Reinking clapped her hands and rasped, "That's enough, worms." In her trademark ruse, she said, "There's one problem I'd like to talk about," she went on quietly. "Some of you weren't paying attention or following. I said don't forget your demi-plie about five times, and a lot of you still didn't demi-plie. If this were an audition situation that would count you out."

Typically, a choreographer has six precious weeks for 17 numbers. So he is going to pick people who are going to pay attention and pick up the combination fast. You have no control over how tall you are or how long your legs are, but you do have control over how much you concentrate. It's to your advantage to work your brain as well as your body. The rest is up to fate.

Fate has been kind to her. The 33-year-old dancer acknowledged over a caryatid knee in the studio.

"It was up for parts in 'Charlie's Angels' and 'Three's Company,'" but other people, she said, "At the time I was very disappointed because I knew the shows would be tremendous hits."

"But if I had done either I would not have done 'Chorus Line,' 'Dancin',' 'Chicago,' 'Mov-



"Heck, just let me perform."

ie Movie, 'All That Jazz' and 'Annie.' Am I happy with the way things turned out? For heaven's sake, yes."

Reinking, 5-foot-7, is surprisingly short and broad-shouldered. "People always remark on how I'm not as tall as I look in film," she said. "I tell them about the time I saw Lassie on a studio lot, and she was this tiny scruffy dog. Film makes you larger than life."

Her eyes, the same stormy blue-gray as on film, are less startling without the fringe of tight mascara. Her body is tight-muscled, with a powerful torso that looks more like a swimmer's than a dancer's — until she starts waving her arms to illustrate a point or caps a sentence with a chin-to-shoulder "Fosse-esque" pose.

Today her relationship with the choreographer-director Bob Fosse, she said, "is very good."

She was Fosse's girlfriend when he suffered a heart attack while rehearsing the Broadway musical "Chicago," starring his ex-wife Gwen Verdon — the imitation-of-life situation in "All That Jazz," in which Reinking portrayed the girlfriend of the director-choreographer Joe Gideon.

Fosse's former protégé — "If it weren't for him, I might still be doing one two three, kick" — remains a friendly affection for him. Now, however, her affections are directed toward "a very nice civilian person in the business world" — a four-year relationship affirmed by a large blue sapphire on her left hand.

Such mixed-career relationships work best, she said, "because the real problem with a career — if you're serious about it — is that you can get so wrapped up in that world you lose your perspective."

Reinking fell into "that trap" about five years ago. "The musical theater is a blob of about 60 people who do all the shows," she said. "If you make them your entire universe, you can get in trouble. I was at a point where I was overdoing it, trying to please everyone and never miss an opportunity."

"I remember one morning sitting on my bed exhausted, crying down to about 102 pounds with a severe case of bronchitis. I decided 'This is stupid,' and I changed my attitude. I realized it wasn't the end of the world if I didn't get a show. I wasn't going to lose my self-respect or my family or my two best friends."

This realistic attitude — "I think of myself, basically, as a very practical person in black bangle beads" — meant, she said, "using more discretion in what I picked to do."

Now, she is looking toward more acting. "A dancer can only dance so long," said Reinking, who admits, "I never used to have to warm up, but now I have to or I get stiff. But an actress can act forever."

She has just returned from London where she filmed a BBC special, and the recently completed ABC-TV special, "Parade of Stars," to be televised in the United States May 22, in which "all the stars of today recreate the stars of yesteryear at the Palace."

She has also purchased the rights to TV reporter Betty Rollins' book "A Lady Really Gets Paid For This," which she is having developed into a movie script in which she hopes to star. What she'd really like to do is "a comedy with a lot of pathos."

The one thing she is ruling out, "at least for now," she said, is a TV series. "They really mainly film in California, and I'm a New York girl." Besides, she said, there's plenty to do on the East Coast.

"Heck, just let me perform. I'll dress up like a chicken with a derby as long as I get to get out and there have fun."

KENYA POSTCARD

The Lure of the Flies

By Andrew Hill

Reuters

DAOGRETTI, Kenya — The obsession of a 17th-century English gentleman and the life's work of a World War II flying hero have combined to provide the major industry of this small village on the outskirts of Nairobi.

Peacocks' tails and pheasants' wings are tied together here with silk and gold thread, in knots with special names that read like the membership of an upper-crust club — Mrs. Simpson, Royal Coachman and Lady Beaverkill.

The knots binding the two men together across the centuries are tied by nimble fingers and watched by sharp eyes. But many of the workers' bodies are frail, twisted or deformed.

For in Dagoretti, 75 Kenyans, many of them disabled, cry, imitating flies around books to lure and catch salmon and trout in streams on the other side of the world.

This is probably the biggest fly-fishing factory in the world, the unlikely marriage of an art practiced by Isaac Walton, the greatest English fishing enthusiast who wrote "The Compleat Angler" in 1653, and a charity created by the former British Royal Air Force group captain Sir Leonard Cueshrie.

Cheshire, holder of the Victoria Cross and other medals for his wartime bombing exploits, has devoted his postwar life to establishing the worldwide network of Cheshire homes for orphans, the elderly and the disabled.

The factory at Dagoretti was set up after the organization bought a fly-fishing export business established by a Kenyan settler.

The charity saw in it an industry that could use the skills of the disabled. "As long as their fingers are flexible and their eyes are all right, we can employ them," says Andrew Wafula, who runs the factory now.

The setting up of the factory coincided with a boom in game fishing in Western Europe, which until 30 years ago was viewed as the preserve of the wealthy. But modern fly-fishing and more money for leisure changed all that.

There are easier ways of catching trout — a few maggots on the end of a hook would decimate the best-stocked Scottish trout stream — but the art of fly-fishing is to use knowledge of the seasons and envi-

ronment to select a lure that looks like the natural fly fish feed on at that time.

Fishing flies are designed to imitate the three stages of the real insects' growth from a nymph emerging from an egg in the water to the "dun" stage, when it becomes an insect, and finally to a dead fly that will float on the water. But while trout feed on flies, salmon do not, and it is one of the mysteries of angling why they are fooled by hures with names like Thunder and Lightning, or Jack Scott.

These are two of the 3,000 varieties tied at Dagoretti. "We will tie anything you care to order and we never go looking for business. People come to us first," said Wafula, pointing to a pile of orders on his desk.

More than 7,000 flies are tied each day and sold in Canada, Australia, Iceland, Britain and other parts of Europe.

Workers are paid a piece rate according to the difficulty of the job. "On average we pay them 4 shillings [about 30 cents] a dozen and some workers can get through more than 60 dozen a day," said Wafula.

Wafula learned the art 19 years ago from the settler who founded the business and proudly maintains that he does not need a manual to know exactly what sort of "dressing" it is to tie the flies.

They include the Green Drake Mayfly, which is made from the dyed feathers of the breast of a male mallard duck and stiff coolie hair that make the lure float on the water like the dead insect it imitates. Or the Muddler Minnow, a creation of deer hair, speckled turkey feather and grey squirrel tail.

They are as good if not better than anything made anywhere in the world and certainly better than most home-tied flies," said an English fisherman, Jim Hill, who was touring the plant.

The main competition comes from Malawi, Taiwan, Transkei and Japan. "But we are the only people who employ the handicapped and we are expanding," said Wafula.

"I have been in English shops and seen our flies for sale. When I ask where they come from, I'm told that they're from Kenya and are very good. It makes me happy, and I never tell the shopkeepers who I am."

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